

uMLALAZI MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

uMLALAZI MUNICIPALITY

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REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON UMLALAZI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the uMlalazi Municipality set out on pages 7 to 59, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMlalazi Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of changes in accounting policies in the financial statements of the uMlalazi Municipality that have been effected by management and applied retrospectively in accordance with GRAP 3 requirements at, and for the year ended, 30 June 2011.

Material losses

9. As disclosed in note 44 to the financial statements, the municipality reported R8,575 million in electricity losses as a result of street lights and municipal buildings consumption that are not metered, as well as unauthorised tampering with electricity installations.

Irregular expenditure

10. As disclosed in note 31.1 to the financial statements, irregular expenditure amounting to R468 431 was incurred during the year as a result of contravention of the *Local Government: Municipal Supply Chain Management Regulations* (GNR 868 of 30 May 2005) (municipal SCM regulations).

Fruitless and wasteful expenditure

11. As disclosed in note 31.2 to the financial statements, fruitless and wasteful expenditure amounting to R251 049 was incurred during the year as a result of payments made to fictitious suppliers.

Unauthorised expenditure

12. As disclosed in note 50 to the financial statements, the municipality spent R2,607 million in excess of the budgeted amount as per the respective line votes, in contravention of section 15 of the MFMA.

ADDITIONAL MATTER PARAGRAPHS

The following additional matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:

Unaudited supplementary schedules

13. The supplementary information set out on pages 46 - 53 does not form part of the financial statements and was presented as additional information. I have not audited the schedule and, accordingly, I do not express an opinion thereon.

Additional matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
17. The reported performance against predetermined objective was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned [objectives/ development priorities or objectives]. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. The material findings on the usefulness and reliability of information are as follows.

Usefulness of information

19. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 21% of the selected reported strategic objectives are not consistent with the objectives as per the approved integrated development plan and a total of 30% of the selected reported performance indicators are not consistent with the performance indicators as per the approved integrated development plan.
20. Section 41(c) of the MSA requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 26% of the selected reported indicators and targets that were set are beyond the control of the municipality, with the result that they are not relevant.

Compliance with laws and regulations

21. I performed procedures to obtain evidence that the municipality had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows

Procurement and contract management

22. Awards amounting to R801 714 were made to service providers who are persons in the

service of state institutions or whose directors/ principal shareholders are persons in service of state institutions, in contravention of SCM regulation 44.

Budgets

23. The municipality incurred expenditure that was not budgeted for and incurred expenditure in excess of the limits of the amounts provided for as per the respective line votes in the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of liabilities and revenue identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Audit committees

25. The audit committee did not advise the council of the municipality on the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

Internal audit

26. The internal audit unit did not report to the audit committee on matters relating to compliance with the MFMA, DoRA and any other applicable legislation, as required by section 165(2)(b) of the MFMA.

Expenditure management

27. The accounting officer did not take reasonable steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

28. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

29. The accounting officer did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with the applicable laws and regulations relating to the granting of awards as well as the related internal controls.

Financial and performance management

30. The accounting officer did not review and monitor compliance with the applicable laws and regulations for the awards to persons who are in service of the state and the reporting to the council on the adequate application of the SCM policy.

31. The accounting officer did not adequately review and monitor compliance with the applicable laws and regulations relating to the budget and the management of unauthorised expenditure.
32. The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
33. Inadequate implementation of controls by the finance department's management over daily, monthly processing and reconciling of transactions relating to the bank reconciliations.
34. The accounting officer did not review and monitor compliance with the applicable laws and regulations for the setting of relevant performance indicators and targets in accordance with the SMART principle that are not beyond the control of the municipality.

GOVERNANCE

Internal audit

35. The accounting officer did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks, an internal audit plan and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
36. The accounting officer did not ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively.

Audit committee

37. The accounting officer did not ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight of the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

OTHER REPORTS

Investigations

38. A case of fraud is being investigated relating to the unauthorised transfer of funds to certain bank accounts by a municipal staff member. The investigation is still in progress and the total amount defrauded has not been confirmed.



Pietermaritzburg

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annual Financial Statements

for

uMlalazi Municipality

for the year ended 30 June 2012

Province:

KwaZulu-Natal

AFS rounding:

To the nearest Rand

Contact Information:

Name of Municipal Manager:	Simon Mashabane
Name of Chief Financial Officer:	Huey Geringer (Acting)
Contact telephone number:	035 - 473 3338
Contact e-mail address:	huey@umlalazi.org.za
Name of contact at Provincial Treasury:	Sifiso Vezi
Contact telephone number:	033 - 897 4532
Contact e-mail address:	sifiso.vezi@kzntreasury.gov.za
Name of relevant Auditor:	Ntombifuthi Precious Makaye
Contact telephone number:	033 - 264 7406
Contact e-mail address:	pmakaye@agsa.co.za
Name of contact at National Treasury:	Matsie Sehlapelo
Contact telephone number:	012 - 315 5295
Contact e-mail address:	unathi.ndobeni@treasury.gov.za

uMLALAZI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2012

General information

His Worship the Mayor	Councillor T B Zulu
Deputy mayor	Councillor M T-G Mchunu
Chief whip	Councillor M M M Ntuli
Speaker of Council	Councillor E N Mtshali

Members of the executive committee

His Worship the Mayor Councillor T B Zulu (Chairperson)

The Deputy mayor Councillor M T-G Mchunu

Councillor C M Gamede
Alderman S B Larkan
Councillor M Mbuyazi
Councillor C T Ndwalane
Councillor B R L Ngema
Councillor J K Powell
Councillor I Woolatt
Councillor Q T Xulu

Members of the Council

Councillor M B Biyela	Councillor M M Mzimela
Councillor N L Biyela	Councillor N S Mzimela
Councillor B S Cebekhulu	Councillor S Naicker
Councillor M M Cebekhulu	Councillor I F Ndwandwe
Councillor M E Dlamini	Councillor S G Ngema
Councillor P G Dlolane	Councillor D T Ngonyama
Councillor M Dludla	Councillor M Z Nkwanyana
Councillor T A Hlatshwayo	Councillor T E Ntsele
Councillor E Z Jaffe	Councillor M G Ntuli
Councillor M M Khanyile	Councillor M H Qwabe
Councillor K Khumalo	Councillor S Schoeman
Councillor B C Magwaza	Councillor T G Shandu
Councillor K B Magwaza	Councillor B P Simelane
Councillor M E T Magwaza	Councillor S S Sithole
Councillor S G Mbambo	Councillor E A Talmage
Councillor S K Mbatha	Councillor B L Thusi
Councillor M F Mdluli	Councillor V M Xulu
Councillor Z A Mhlongo	Councillor M G Zondi
Councillor N M Mnqayi	Councillor N S Zulu
Councillor F M Mtengu	Councillor E M Zwane

uMLALAZI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2012

General information (continued)

Municipal Manager

Simon Mashabane

Acting Chief Financial Officer

Huey Geringer

Grading of Local Authority

3

Auditors

Auditor - General

Bankers

First National Bank, Eshowe

Registered Office: Municipal Buildings, Eshowe

Physical address: Hutchinson Street
Eshowe

Postal address: P O Box 37
Eshowe
3815

Telephone number: 035 - 473 3474

Fax number: 034 - 474 4733

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uMLALAZI MUNICIPALITY

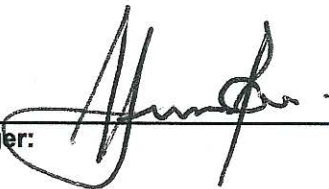
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2012

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 51 in terms of section 126 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 10 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs' determination in accordance with this Act

Municipal Manager:



DATE:

31/08/2012

uMLALAZI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	2012	(Restated) 2011
		R	R
ASSETS			
Current assets			
Inventories	6	1 945 362	1 918 373
Trade receivables from exchange transactions	7	20 057 769	21 971 709
Other receivables from exchange transactions	7	1 731 867	1 406 100
Current portion of receivables	5	20 444	21 984
VAT receivable	7	-	2 017 821
Investments - short term	4	30 025 235	17 025 094
Cash and cash equivalents	14	7 522 495	4 131 950
		<u>61 303 172</u>	<u>48 493 030</u>
Non-current assets			
Property, plant and equipment	51	437 872 231	431 343 440
Intangible assets	49	46 427	48 646
Investment property carried at fair value	13	9 400 902	8 600 802
Non-current assets held for sale	46	828 100	538 500
Investments	4	1 000	1 000
Non-current receivables	5	1 428 703	1 456 840
		<u>449 577 363</u>	<u>441 989 228</u>
Total assets		<u>510 880 534</u>	<u>490 482 258</u>
LIABILITIES			
Current liabilities			
Consumer deposits	3	1 098 766	979 351
Trade and other payables from exchange transactions	8	9 211 836	11 688 139
VAT payable	8	512 715	1 547 105
Bank overdraft	14	-	-
Current portion of unspent conditional grants and receipts	52	5 927 275	6 901 803
Current portion of borrowings	2	342 816	342 816
Current provisions	43	15 991 428	12 456 451
		<u>33 084 837</u>	<u>33 915 665</u>
Non-current liabilities			
Non-current borrowings	2	5 485 050	5 827 866
Non-current provisions	27	7 532 823	8 765 506
Employee benefit obligations	28	11 745 160	9 931 106
		<u>24 763 033</u>	<u>24 524 478</u>
Total liabilities		<u>57 847 870</u>	<u>58 440 143</u>
Net assets		<u>453 032 664</u>	<u>432 042 115</u>
NET ASSETS			
Housing operating account	1	11 651 115	11 155 797
Reserves		242 791 033	251 685 848
Accumulated surplus/ (deficit)	16	198 590 515	169 200 470
Total net assets		<u>453 032 664</u>	<u>432 042 115</u>

uMLALAZI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

			Actual		Budget
	Notes	2012	2011	2012	2011
		R	R	R	R
REVENUE					
Property rates	9	37 980 506	40 566 126	38 377 570	38 281 570
Property rates - penalties imposed		679 802	978 817	666 710	1 142 800
Service charges	15	52 027 232	44 019 166	51 377 900	46 786 020
Rental of facilities and equipment	37	1 515 776	1 358 130	1 540 170	1 285 880
Interest earned- external investments	38	1 139 217	634 589	650 000	350 000
Fines		2 622 521	3 374 512	3 395 730	3 709 140
Licences and permits	39	3 317 766	3 140 398	3 297 670	2 915 470
Government grants and subsidies	23	69 774 421	57 515 861	79 136 990	64 255 738
Other income	40	1 663 256	1 309 406	1 739 510	1 550 600
Total revenue		170 720 498	152 897 005	180 182 250	160 277 218
EXPENDITURE					
Employee related costs	13 26	51 875 069	49 866 542	53 123 640	53 449 460
Remuneration of councillors	14 10	12 059 172	10 953 567	12 051 130	11 083 450
Bad debts	15 7	1 846 094	1 225 733	1 264 250	537 380
Depreciation	17 17	7 548 141	7 037 139	8 003 980	7 276 340
Repairs and maintenance	18 33	10 013 279	5 505 350	12 301 950	5 695 900
Finance costs	19 11	770 248	643 051	845 950	516 560
Bulk purchases	20 24	31 537 202	25 780 432	29 692 050	20 701 270
Contracted services	21 34	17 921 232	12 890 960	17 254 180	13 391 045
Post retirement medical benefits and long service awards	22 29	2 415 986	2 906 799	1 061 900	1 011 340
General expenses	23 36	35 456 523	41 858 066	45 085 620	48 092 693
Contributions to staff leave	25 42	1 063 810	1 430 229	1 485 580	335 440
Less: Recharges	36	-16 270	-16 270	-16 270	-28 270
Total expenditure		172 490 486	160 081 598	182 153 960	162 062 608
Gain/ (loss) on sale of assets	41	2 461 062	671 423	587 500	200 000
Profit/ (loss) on fair value adjustment	13	800 100	1 865 800	1 500 000	800 000
Depreciation recovered from reserves		-	-	-	1 200 000
SURPLUS/ (DEFICIT) FOR THE YEAR		1 491 173	-4 647 370	115 790	414 610

Refer to Appendix E (1) for the comparison with the approved budget

uMLALAZI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2012

	Housing operating account	Government grant reserve	Donations and public contributions reserve	(Restated) Revaluation reserve	Accumulated surplus/ (deficit)	Total
	R	R	R	R	R	R
Balance at 30 June 2010	10 701 376		1 137 892	246 667 080	154 593 187	413 099 535
Surplus (deficit) for the year	26 988				-4 674 358	-4 647 370
Adjustments prior year					-2 561 251	-2 561 251
Revaluation of storm water assets (Note 45)				77 276 803		77 276 803
Transfer to Capital Replacement Reserve						
Property, plant and equipment purchased						
Revaluation of unsold properties						
Write off against revaluation of properties				-984 587		-984 587
Capital grants used to purchase property, plant and equipment		21 842 892				21 842 892
Donated/ contributed property, plant and equipment						
Transfer to Housing Operating Account	-85 202					-85 202
Public contributions	118 234		1 696 595			1 814 829
Interest received	394 401		44 686			439 087
Expenditure			-516 493			-516 493
Offsetting of depreciation				-21 426 637		-21 426 637
Correction of storm water assets depreciation (Note 45)				-52 209 491		-52 209 491
Transfer to accumulated surplus/ (deficit)		-21 842 892			21 842 892	
Balance at 30 June 2011	11 155 797	-	2 362 680	249 323 168	169 200 470	432 042 115
Balance at 30 June 2011	11 155 797	-	2 362 680	249 323 168	169 200 470	432 042 115
Surplus (deficit) for the year	642				1 490 532	1 491 173
Adjustments prior year					-405 998	-405 998
Transfer to Capital Replacement Reserve						
Property, plant and equipment purchased						
Surplus arising on revaluation of properties				15 695 056		15 695 056
Write off against revaluation of properties				-1 824 600		-1 824 600
Capital grants used to purchase property, plant and equipment		28 305 512				28 305 512
Donated/ contributed property, plant and equipment						
Transfer to Housing Operating Account	-21 924					-21 924
Public contributions	90 561		54 577			145 138
Interest received	426 040		102 058			528 098
Expenditure			-41 942			-41 942
Offsetting of depreciation				-22 879 963		-22 879 963
Transfer to accumulated surplus/ (deficit)		-28 305 512			28 305 512	-
Balance at 30 June 2012	11 651 115	-	2 477 373	240 313 661	198 590 515	453 032 664

uMLALAZI MUNICIPALITY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

		2012	(Restated) 2011
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		170 393 352	147 231 347
Cash paid to suppliers and employees		-147 353 603	-128 211 093
Cash generated from (utilised in) operations	18	23 039 748	19 020 254
Interest received		1 667 315	1 073 676
Interest paid		-770 248	-643 051
NET CASH FLOW FROM OPERATING ACTIVITIES		23 936 816	19 450 880
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		-9 553 517	-17 012 496
Assets under construction		-15 104 425	-4 530 927
Proceeds from sale of assets		2 512 500	730 162
Proceeds from sale of investment properties	13	-	-
NET CASH UTILISED FROM INVESTING ACTIVITIES		-22 145 442	-20 813 261
CASH FLOWS UTILISED FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	-	2 575 445
Repayment of borrowings	19	-342 816	-329 319
(Increase)/ decrease in cash investments	20	1 941 987	-261 965
NET CASH FLOW FROM FINANCING ACTIVITIES		1 599 171	1 984 161
Net increase/(decrease) in cash and cash equivalents		3 390 545	621 780
Cash and cash equivalents at the beginning of the year		4 131 950	3 510 170
Cash and cash equivalents at the end of the year	14	7 522 495	4 131 950

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

The following GRAP standards have been applied:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GRAP 7	Accounting for Investments in associates
GRAP 8	Financial Reporting of Interests in Joint Ventures
GRAP 9	Revenue
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 24	Presentation of budget information in Financial Statements
GRAP 100	Non-current assets held for sale and Discontinued Operations
GRAP 102	Intangible assets

2 PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand

3 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis

4 HOUSING OPERATING ACCOUNT

The Housing Operating Account was established in terms of the Housing Act, 1997 (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Operating Account. Housing selling schemes, both complete and in progress at 01 April 1998, were also transferred to the Housing Operating Account. In terms of the said Act, all proceeds from housing developments, including rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of this account can only be used to finance housing developments within the municipal area subject to the approval of the Provincial Member of the Executive Committee responsible for housing.

5 RESERVES

5.1 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus / (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote consumer equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful lives of items of property, plant and equipment financed from donations and public contributions.

When items of property, plant and equipment financed from donations and public contributions are disposed of, the balances in the Donations and Public Contributions Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.2 Revaluation Reserve

Unrealised surpluses arising from the revaluations of land and buildings are credited to a Non-Distributable Reserve. Revaluation surpluses are realised as devalued buildings are depreciated, by means of transfers from the revaluation reserve to the accumulated surplus / (deficit).

When revalue land and buildings are disposed of, the net revaluation surpluses in the Revaluation Reserve relating to such items are transferred to the accumulated surplus / (deficit), while gains and losses on disposal, based on revalue amounts, are credited or charged to the Statement of Financial Performance.

6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated in the annual financial statements at cost less accumulated depreciation, except for land and buildings, which are revalue as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying values are adjusted by the impairment losses. These losses are recognised as expenses in the period that the impairments are identified except where an impairment reverses a previous revaluation.

Where impaired land and buildings are revalue, the increase in value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss which was previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost will be measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The costs/revaluations of property, plant and equipment are depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated useful lives of the assets:

	Years		Years
Infrastructure		Other	
Roads and paving	30	Buildings	30
Pedestrian malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Housing	30	Office equipment	3
		Furniture and fittings	7 - 10
Community		Watercraft	15
		Bins and containers	5
Buildings	30	Specialised plant and equipment	10 - 15
Recreational facilities	20 - 30	Other items of plant and equipment	2 - 5
Security	5		

The estimated useful lives are periodically reviewed in order to adjust them if they have changed.

Items of Property, Plant and Equipment which are acquired at no cost or for a nominal cost is recognised at their fair values.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is immediately written down to its recoverable amount and the impairment loss is charged to the Statement of Financial Performance in the period that they are identified.

In terms of GRAP 17 the Council has used the transitional provisions to recognise items of Property Plant and Equipment, which were not previously recognised, at their fair values.

7 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated in the annual financial statements at revalue amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation of buildings.

8 INVESTMENT PROPERTY

8.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

8.2 Subsequent measurement - fair value model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

9 INVESTMENTS

9.1 Financial instruments

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

10 INVENTORIES

Inventories are comprised of consumable stores, raw materials and finished goods and are stated in the annual financial statements at the lower of average cost, determined on the first in first out method and net realisable value. Cost includes deductions for discounts and rebates.

Redundant and slow moving inventories are identified and sold by public auction and any gain or loss on disposal is recognised in the Statement of Financial Performance.

Unsold properties are stated in the annual financial statements at the lower of cost, determined on the average cost method and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

11 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ ratepayers, less deductions for discounts given or rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of all outstanding amounts at the financial year end. Contributions to the provision are calculated on a specific debt basis of all debts older than two years, including rates and rates penalties.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

12 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly any impairments, if any, are considered to be immaterial.

13 REVENUE RECOGNITION

13.1 Revenue from exchange transactions

Service charges for electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and the revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods where meter readings have not been able to be carried out. The revenue from these provisional readings is also recognised as revenue when invoiced. Adjustments to provisional estimates and recognition of the amended revenue arising there from are made in the invoicing period in which meters are read. Revenue from the sale of electricity prepaid meter cards is recognised in the period in which cash is received.

Service charges for refuse removal are raised and recognised on a monthly basis in arrears and are based on the application of the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month

Interest and rentals are recognised on a time proportion basis

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service has been rendered and the fee has been charged or licences and permits have been issued.

Income from agency services is recognised on a monthly basis once the income collected for agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk passes to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use. A liability is raised when a public contribution has been received but all the conditions have not been met.

13.2 Revenue from non-exchange transactions

Revenue from assessment rates is recognised when the legal entitlement arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment is brought into use.

Contributions of property, plant and equipment are recognised when the items are acquired.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

14 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

15 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure represents expenditure which has been incurred but not budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

18 IRREGULAR EXPENDITURE

Irregular expenditure excludes unauthorised expenditure and represents expenditure incurred that is contrary to the provisions of the Local Government : Municipal Finance Management Act, 2003 (Act No.56 of 2003) the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided if reasonable care had been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

20 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the two defined benefit funds and the provident fund it administers, and to the Municipal Councillors' Pension Fund which is a defined contribution fund.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the Contributions which are charged as an expense in the Statement of Financial Performance in the year that they become payable.

21 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

22 DEPOSITS

Deposits received from consumers are based on the estimated monthly consumption and are calculated to cover approximately two and one half consumption, taking into consideration each consumer's profile. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's credit control policy. No interest is paid on deposits held.

23 OPERATING LEASES

Payments made on operating lease agreements are expensed and charged to the Statement of Financial Performance in the period in which such payments are due. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

24 PRIOR YEAR COMPARATIVES

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended.

25 LEASES

25.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequently to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to the recognition of financial instruments are applied to lease payables. The lease assets is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

25.2 Municipality as lesser

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to the recognition on financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

26 INTANGIBLE ASSETS

26.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible assets acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was no determinable, it's deemed cost is the carrying amount of the asset(s) given up.

26.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

26.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
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The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed a each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

26.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

27 NON-CURRENT ASSETS HELD FOR SALE

27.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, what should be expected to qualify for recognition as a completed sale within one year from the date of classification.

27.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the valuation values of each property as depicted in the Council's official valuation roll.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

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1. HOUSING OPERATING ACCOUNT

Government loans extinguished in 1998
Instalments received from borrowers
Accumulated surplus

	2012	2011
	R	R
1	4 194 293	4 216 217
2	7 191 758	6 675 157
3	265 064	264 422
	11 651 115	11 155 797

Fixed assets
Debtors - short term
Debtors - long term
Investments - external
Cash at bank

4	-	-
5	1 690 211	1 647 960
6	796 024	803 440
	7 191 758	6 675 157
	1 973 122	2 029 240
	11 651 115	11 155 797

2. BORROWINGS

Annuity loans

5 827 866 6 170 681

5 827 866 6 170 681

LESS : Current portion transferred to current liabilities

-342 816 -342 816

Total borrowings

5 485 050 5 827 866

(Refer to appendix A for more detail)

Annuity loans

Bear interest of 12.422% per annum, and is redeemed in bi-annual instalments, including interest, over a period of 20 years.

Fair value impairments

Long term loans are recorded at the actual liability to loan creditors. No impairment, if any has been recognised.

3. CONSUMER DEPOSITS

Refuse
Electricity

29 151 748 93 686
30 947 018 885 665

1 098 766 979 351

495 617 495 217

Guarantees held in lieu of electricity deposits

4. INVESTMENTS

Unlisted

Shares in co-operative - Coastal Farmers

306 1 000 1 000

1 000 1 000

Short term investments

Notice deposits - call
Notice deposits - housing

307 22 833 477 10 349 936
7 7 191 758 6 675 157

30 025 235 17 025 094

30 026 235 17 026 094

Total investments

Council's valuation of unlisted investments

30 026 235 17 026 094

Average rate of return on investments

5.55% 6.31%

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5. NON-CURRENT RECEIVABLES

Deposits with creditors
Staff housing loans
Housing loans

	2012 R	2011 R
293	653 123	673 963
320	-	1 421
6	796 024	803 440
	1 449 147	1 478 824

Less: Current portion transferred to current receivables

Staff housing loans
Housing loans
Old age home

	-	-1 421
	-5 095	-5 213
	-15 349	-15 349
	-20 444	-21 984

Total

	1 428 703	1 456 840
--	------------------	------------------

Housing selling scheme loans

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing's programme. The loans are repayable over terms ranging from 5 to 30 years at rates varying between 11.25% and 13.5%

6. INVENTORIES

Opening balances of inventories:

Consumable stores
Stationery stores
Electrical maintenance spares
E Card replacement

1 918 373	2 008 598
291 000	576 495
269 587	208 236
1 357 114	1 223 835
672	32

Additions:

Consumable stores
Stationery stores
Electrical maintenance spares
E Card replacement

3 282 748	3 306 754
1 823 704	1 574 218
556 318	473 701
900 317	1 255 636
2 408	3 200

Issued (expenses)

Consumable stores
Stationery stores
Electrical maintenance spares
E Card replacement

3 255 758	3 396 979
1 828 007	1 624 105
478 680	504 918
946 263	1 265 395
2 808	2 560

Closing balances of inventories:

Consumable stores
Stationery stores
Electrical maintenance spares
E Card replacement

	1 945 362	1 918 373
37	286 697	291 000
39	347 225	269 587
40	1 311 168	1 357 114
47	272	672

No impairments of the values of inventory have been written off as management considers that all stores are useable and any losses on ultimate realisation are immaterial. Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority

7. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables

Less: Provision for doubtful debts

	23 536 774	23 604 620
52	-3 479 005	-1 632 911
	20 057 769	21 971 709

Other receivables

Salary suspense
Value added taxation
Other sundry receivables
Survey suspense

45	14 930	25 710
44	-	2 017 821
49	607 478	486 527
51	1 109 458	893 862
	21 789 634	25 395 629

Management have considered the effects of any impairment in the values of outstanding and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding balances

Trade receivables

Rates and penalties
Electricity
Housing
Refuse
Sundries

200	9 524 727	11 321 364
201	4 262 170	3 861 981
	1 690 211	1 647 960
203	1 292 871	1 111 511
204	6 766 795	5 661 804
	23 536 774	23 604 620

Amounts written off as doubtful debts

As a percentage of total operating revenue
Number of days outstanding

-	1 038 036
0.00%	0.68%
71	89

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	2012	2011
	R	R
Age analysis		
Rates and penalties		
Current (0 to 30 days)	1 734 012	1 658 037
31 to 60 days	597 815	812 436
61 to 90 days	347 428	550 465
91 to 120 days	291 728	473 880
121 days and over	6 553 744	7 826 546
	9 524 727	11 321 364
Electricity		
Current (0 to 30 days)	3 136 101	2 781 887
31 to 60 days	440 974	748 102
61 to 90 days	272 318	36 570
91 to 120 days	100 017	13 580
121 days and over	312 760	281 841
	4 262 170	3 861 981
Refuse		
Current (0 to 30 days)	565 409	443 417
31 to 60 days	152 104	139 787
61 to 90 days	45 466	49 726
91 to 120 days	33 871	36 637
121 days and over	496 021	441 943
	1 292 871	1 111 511
Sundries		
Current (0 to 30 days)	4 303 749	1 880 769
31 to 60 days	552 774	568 854
61 to 90 days	6 604	640 959
91 to 120 days	269 463	6 290
121 days and over	1 634 204	2 564 931
	6 766 795	5 661 804
Housing		
Current (0 to 30 days)	1 522	7 813
31 to 60 days	8 455	10 588
61 to 90 days	7 784	9 854
91 to 120 days	7 694	9 792
121 days and over	1 664 755	1 609 914
	1 690 211	1 647 960
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	1 632 911	1 445 214
Contributions to provision	1 846 094	1 225 733
Prior year contribution adjustments		-
	3 479 005	2 670 947
Doubtful debts written off against provision	-	1 038 036
Balance at end of year	3 479 005	1 632 911

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		<u>2012</u>	<u>2011</u>
		R	R
8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors	41	7 567 859	10 067 519
Deposits - other	35	97 180	69 880
Salary suspense	48	89 108	-
Retention monies	46	370 807	632 901
Unidentified direct deposit's	43	407 467	410 541
Value added taxation	55	512 715	1 547 105
Payments received in advance	42	675 202	504 995
Billing suspense	53	4 213	2 301
		<u>9 724 551</u>	<u>13 235 244</u>

VAT is payable on the receipts basis and is only due to SARS when payments are received from debtors

9 PROPERTY RATES

The last general valuation came into effect on:

Eshowe	01/07/2011	01/07/2007
Mtunzini	01/07/2011	01/07/2007
Gingindhlovu	01/07/2011	01/07/2007

Rebates

Municipal properties	100%	100%
Government properties	20%	20%
Pensioners	40%	40%
Residential properties with land values of R50 000 and less	100%	100%
Public Service Infrastructure	30%	30%

Industrial incentives

All undeveloped serviced industrial sites where the industrial developer has provided the full range of Municipal services	100%	100%
Industrialists are granted incentive rebates on a phased reducing basis over five years		

Actual

Commercial	6 880 901	5 745 298
Residential	18 067 446	18 563 265
Education and state	2 612 737	4 036 691
Agriculture	2 696 163	618 680
Municipal	2 508 583	2 284 398
Public benefit	894 187	1 200 041
Public Service Infrastructure	4 320 489	8 117 753

Total property rates

37 980 506 40 566 126

Less: Rebates

9 247 143 12 297 750

Total

28 733 363 28 268 376

Valuations

Commercial	482 668 600	403 493 700
Residential	1 882 783 600	1 406 262 900
Education and state	272 269 700	255 498 000
Agriculture	873 265 550	189 616 500
Municipal	261 416 000	151 673 500
Public benefit	58 628 400	41 192 000
Public Service Infrastructure	2 172 812 800	2 333 291 245

Total property valuations

6 003 844 650 4 781 027 845

In terms of the provisions of Section 32 (1)(b) of the Local Government: Municipal Property Rates Act (Act No. 6 of 2004), a valuation roll remains valid for that financial year or for one or more subsequent financial years as the municipality may decide, but in total not for more than four (4) financial years.

Tenders were invited for service providers for the compilation of a new valuation roll. In terms of the Council's Supply Chain Management Policy, the Bid Committees evaluated and recommended the award of the tender to Messrs HCB Property Valuers to compile a new valuation roll which was implemented on 01 July 2011.

uMLALAZI MUNICIPALITY
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		2012	2011
		R	R
10 REMUNERATION OF COUNCILLORS			
Mayor's allowance	13	630 735	577 716
Deputy mayor's allowance		516 402	276 344
Speaker's allowance		495 396	465 100
Chief whip's allowance		443 977	441 453
Executive committee members' allowances		1 997 192	1 593 513
Councillors' allowances		7 410 610	7 059 166
Councillors' pension and medical aid contributions		564 860	540 275
		12 059 172	10 953 567
<p>The Mayor, Deputy mayor, Speaker and Chief whip are full time councillors, and have offices and secretarial support at the cost of the Council. The Mayor has the use of a Council purchased vehicle for official duties.</p>			
11 FINANCE COSTS			
Borrowings	64	747 330	580 364
Bank overdraft	65	22 918	62 686
		770 248	643 051
Total interest on external borrowings			
12 REVALUATION RESERVE			(Restated)
<p>The Council's valuers, Messrs HCB Valuers, compiled a new valuation roll which was implemented on 01 July 2011.</p> <p>The revaluation surplus is reconciled as follows:</p>			
Balance at beginning of year		249 323 168	246 667 080
Surplus arising on revaluation of properties		15 695 056	-
Surplus arising on componentising storm water assets		-	77 276 803
Correction of depreciation of storm water assets		-	-52 209 491
Write off against revaluation of properties		-1 824 600	-984 587
Surplus realised		263 193 624	270 749 805
Less: Depreciation recovered		22 879 963	21 426 637
		240 313 661	249 323 168
<p>Balance at end of year</p> <p>Refer to Appendix B for more detail on property, plant and equipment See also Note 49. The municipality has taken advantage of the transitional arrangements set out in Grap statement No. 17. The municipality is in the process of fine-tuning the asset register records that have been painstakingly compiled. A formal physical verification was carried out in 2010/2011 and amendments were made where applicable. At present, depreciation on infrastructure and community assets is based on an average useful life using some historical costs recorded in somewhat out of date records. The componentised infrastructure exercise for the roads assets, electricity assets and stormwater assets is completed.</p>			
13 INVESTMENT PROPERTY CARRIED AT FAIR VALUE			
Investment property held by the municipality is as follows:			
<ul style="list-style-type: none"> i) land leased for cane farming ii) land leased to Government Departments iii) land and buildings leased to sports associations iv) crematorium at Eshowe cemetery v) additional pieces of land leased by property owners vi) old scheme house in Sunnydale 			
The fair value of these properties as valued by the Council's valuers, Messrs. HCB Property Valuers.			
Carrying values at the beginning of the year		8 600 802	6 735 002
Cost		8 600 802	6 735 002
Acquisitions		-	-
Fair value adjustment	5428	800 100	1 865 800
Fair value of disposals		-	-
Carrying values at the end of the year		9 400 902	8 600 802
Cost		9 400 902	8 600 802
Certain properties classified as investment properties at municipal value		8 122 400	4 403 500
Rental income derived from these properties amount to		1 197 334	1 207 029

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	<u>2012</u>	<u>2011</u>
	R	R
14 CASH AND CASH EQUIVALENTS		
The Municipality has the following bank account:		
Current account (Primary Bank Account)		
First National Bank Limited, Eshowe Branch - Account No. 52 191 090 523		
Bank statement balance at beginning of year	3 917 290	3 245 084
Bank statement balance at end of year	7 180 629	3 917 290
Cash book balance at beginning of year	4 105 810	3 484 030
Cash and cash equivalents consist of the following:		
Cash book balance at end of year	352 7 496 355	4 105 810
Petty cash	350 24 700	24 700
Floats	351 1 440	1 440
	<u>26 140</u>	<u>26 140</u>
	<u>7 522 495</u>	<u>4 131 950</u>
15 SERVICE CHARGES		
Sale of electricity	11 44 729 880	37 884 745
Refuse removal	20 7 297 352	6 134 421
	<u>52 027 232</u>	<u>44 019 166</u>
16 ACCUMULATED SURPLUS		
Accumulated surplus/ (deficit) at the beginning of the year	169 200 470	154 593 187
Operating (deficit)/ surplus for the year	1 490 532	-4 674 358
Appropriations for the year :		
Prior year adjustments	-405 998	-2 561 251
Financing of acquisitions ex reserves		
Accumulated surplus/ (deficit) before transfer from reserves, at end of year	<u>170 285 003</u>	<u>147 357 578</u>
Transfer from reserves:		
Capital replacement reserve		
Capitalisation reserve		
Government grant reserve	28 305 512	21 842 892
Accumulated surplus/ (deficit) at end of year	<u>198 590 515</u>	<u>169 200 470</u>
In terms of paragraph 144 of GRAP 1, all balances in reserves and trust fund accounts that are not represented by cash, should be transferred to the accumulated surplus/ (deficit) account in the statement of changes in net assets. There is no legislative requirement to maintain such separate fund accounts.		
17 DEPRECIATION AND AMORTISATION		
Property, plant and equipment	7 519 450	7 017 399
Intangible assets	28 691	19 740
	<u>7 548 141</u>	<u>7 037 139</u>

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	2012	(Restated)
	R	2011
	R	R
18 CASH GENERATED BY OPERATIONS		
(Deficit)/ surplus for the year	1 491 173	-4 647 370
Adjustments for:-		
Previous year's operating transactions	-405 998	-2 561 251
Depreciation	7 548 141	7 037 139
Depreciation recovered from reserves	-	-
(Gain)/ loss on sale of assets	-2 461 062	-671 423
Contribution to provisions - non-current		
Post retirement medical benefits	1 937 121	1 826 782
Long service awards	478 865	1 080 017
Contribution to provisions - current		
Leave	1 063 810	1 430 229
Bad debts	1 846 094	1 225 733
Finance costs	770 248	643 051
Fair value adjustments	-800 100	-1 865 800
Interest earned	-1 667 315	-1 073 676
Non-operating income:-		
Income credited to reserves/provisions	15 132 938	24 314 043
Non-operating expenditure:-		
Expenditure charged against housing operating account	-21 924	-85 202
Expenditure charged against provision for bad debts	-	-1 038 036
Expenditure charged against provision for leave	-752 599	-820 327
Expenditure charged against provision for long service awards	-320 576	-370 483
Expenditure charged against reserves	-41 942	-516 493
Operating surplus/ (deficit) before working capital changes:	23 796 873	23 906 933
(Increase)/ decrease in inventories	-26 989	90 225
(Increase)/ decrease in trade receivables	1 943 618	-2 684 261
(Increase)/ decrease in other receivables	-325 768	-1 088 346
(Increase)/ decrease in VAT receivable	2 017 821	-1 542 024
Increase/ (decrease) in unspent conditional grants and receipts	-974 528	1 920 272
Increase/ (decrease) in trade payables	-2 476 303	-2 946 174
Increase/ (decrease) in consumer deposits	119 415	203 014
Increase/ (decrease) in VAT payable	-1 034 390	1 160 615
	-757 124	-4 886 679
Cash generated by/ (utilised in) operations	23 039 748	19 020 254
19 INCREASE/ (DECREASE) IN LONG TERM LOANS (EXTERNAL)		
Loans raised	-	2 575 445
Loans repaid	-342 816	-329 319
	-342 816	2 246 126
20 (INCREASE)/ DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments realised	108 004 351	66 322 379
Investments (invested)	-106 062 364	-66 584 344
	1 941 987	-261 965
21 (INCREASE)/ DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	4 131 950	3 510 170
LESS : Cash balance at the end of the year	7 522 495	4 131 950
	-3 390 545	-621 780
22 RETIREMENT BENEFITS		
The municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2010 interim has been completed).		
Superannuation		
An interim actuarial valuation of the fund was carried out for the period ending 31 March 2010(31/03/2009) The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners by: made up as follows :	154 800 000	154 800 000

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	<u>2012</u> R	<u>2011</u> R
For service to 31 March 2010		
for pensioners - surplus funding level 119.8% (2009: deficit funding level 123.2%)	368 100 000	368 100 000
for members - deficit funding level 92.9% (2009: deficit funding level 98.8%)	-213 300 000	-213 300 000
The fund held an Investment Reserve at 31 March 2010	73 000 000	73 000 000
Conclusion The funding level of the fund decreased from 98.8% to 95.9% (decreased from 104.7% to 98.8%) over the valuation period The actuary is satisfied that the fund was fully funded and financially sound on the discounted cash flow method; and The required contribution rate for future service exceeded the contribution rate payable by 1.69% of pensionable salaries. This will be reviewed at the next interim actuarial valuation of the fund at 31 March 2011 when the outcome of a possible merger with the Retirement Fund will be known with more certainty.		
Provident Fund The salient features of the Statutory Valuation Report on the fund as at 31 March 2010 were that the net market value of the fund's assets were not sufficient to fully cover the members' share account and to provide total reserves of The liabilities of the fund did not exceed the assets, resulting in a small surplus (or unallocated assets) of which represents 2.34% of assets, is a feature of the smoothed bonus approached followed by the fund and will be met from future investment earnings	818 797 000	818 797 000
Conclusion The fund has recouped the deficit by declaring smaller bonuses after the valuation date. The Actuary is satisfied that the asset composition of the fund is appropriate to the nature of the liabilities and the fund was in a sound financial condition at 31 March 2010.	17 651 000	17 651 000
Retirement Fund The salient features of the statutory valuation of the fund at 31 March 2010 are: The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by:	-128 900 000	-128 900 000
Made up as follows:		
For service to 31 March 2010		
for pensioners - funding level 114.6% (2009 : funding level 119.1%) - surplus	114 300 000	114 300 000
for members - funding level 79% (2009 : funding level 79.5%) - deficit	-243 200 000	-243 200 000
The fund was thus funded	79.00%	79.00%
The fund did not hold an investment reserve.		
With effect from 01 July 2000, local authorities commenced paying a surcharge equal to 2% of pensionable salaries. It was subsequently increased each year and is currently	15.35%	15.35%
and members pay	1.65%	1.65%
Based on the valuation assumptions applied in 2000 the shortfall was expected to be fully funded by 2011. During the previous interim valuation the actuary found that the mortality assumption for pensioners was not in line with actual experience and so the assumption was changed. Accordingly, the current surcharge is required to continue for a further two years after 2010 to be fully funded.		
Conclusion The actuary is satisfied that the self-insurance arrangement is appropriate for the fund. The asset composition of the fund is appropriate to the nature of the liabilities, the contributions being paid to the fund, including the surcharges are sufficient to meet the shortfall by 30 June 2010 and based on the revised assumptions, which allow for the improving pensioner mortality, an extension of the surcharge for a further two years is necessary		
Municipal Councillors' Pension Fund The audited financial statements for the financial years ended 30 June 2009, 2010, 2011 and 2012 have not been distributed as yet, as these audits have not been completed. Accordingly, reliable financial formation is not available to be presented.		
23 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share grant	70 60 650 053	50 439 051
Department of Co-operative Governance and Traditional Affairs	71 4 370 123	2 921 719
Provincial health subsidies	72 2 576 390	3 090 436
Provincial administration	73 1 551 452	193 039
uThungulu District Municipality	74 626 403	871 616
Total government grant and subsidies	69 774 421	57 515 861

23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)Page 31

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	<u>2012</u> R	<u>2011</u> R
25.2 Operating leases		
Council has concluded operating lease agreements with suppliers which are required to be paid in instalments as follows:		
In the year ending 30 June 2011		
In the year ending 30 June 2012		
In the year ending 30 June 2013	317 865	306 528
In the year ending 30 June 2014		
Total	<u>317 865</u>	<u>306 528</u>
25.3 Finance lease liability		
Council has not concluded any finance lease agreements with suppliers.		
26 EMPLOYEE RELATED COSTS		
Remuneration of the Municipal manager		
Annual remuneration	279 789	1 033 704
Performance bonus	144 719	144 719
The contract of the Municipal Manager ended on 31 August 2011.		
	<u>424 508</u>	<u>1 178 422</u>
Remuneration of the Deputy Municipal manager		
Annual remuneration	757 537	727 841
Performance bonus	101 898	101 898
	<u>859 435</u>	<u>829 739</u>
Remuneration of the Director: Corporate Services		
Annual remuneration	694 179	666 967
Performance bonus	93 375	93 375
	<u>787 554</u>	<u>760 342</u>
Remuneration of the Chief Financial Officer		
Annual remuneration	757 537	727 841
Performance bonus	101 898	101 898
	<u>859 435</u>	<u>829 739</u>
Remuneration of the Director: Protection Services		
Annual remuneration	694 179	666 967
Performance bonus	93 375	54 469
	<u>787 554</u>	<u>721 436</u>
Remuneration of the Director: Community Services		
Annual remuneration	201 424	666 967
Performance bonus	93 375	93 375
The Director: Community Services resigned on 31 August 2011.		
	<u>294 799</u>	<u>760 342</u>
Remuneration of the Director: Engineering Services		
Annual remuneration	694 179	666 967
Performance bonus	93 375	93 375
	<u>787 554</u>	<u>760 342</u>

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	2012	2011
	R	R
EMPLOYEE RELATED COSTS		
Salaries and allowances	80 36 467 519	35 039 288
Contributions to UIF, group life, pensions and medical aids	81 8 522 882	8 290 221
Travel, motor car, accommodation, subsistence and other allowances	82 2 316 582	2 381 919
Housing benefits and allowances	83 142 925	159 635
Overtime payments	84 2 585 227	2 265 074
Performance bonus	85 722 016	683 109
Protective clothing	87 263 921	403 615
Workmen's compensation	88 419 030	231 087
Skills development levy	102 434 966	412 592
Total employee related costs	51 875 069	49 866 542
There were no advances to employees		
27 NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill site		
Balance at the beginning of the year	8 765 506	7 171 378
Contribution to provision		1 594 128
Impairment loss	-1 232 683	
Expenditure incurred		
Balance at the end of the year	7 532 823	8 765 506
Provision has been made for the estimated cost of rehabilitating the council's refuse site. The estimated cost has been determined by the Council's Director: Engineering Services.		
28 EMPLOYEE BENEFIT OBLIGATIONS		
28.1 Provision for post retirement medical benefits		
The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.		
An actuarial valuation was carried out at 30 June 2012 and the full liability has been raised which relates to retired employees and existing employees. The main assumptions used by the actuary are:		
Discount rate per annum	8.03%	8.68%
Health care cost inflation rate	7.01%	7.35%
Net effective discount rate	0.95%	1.24%
Medical benefit inflation (long term) CPI increases	5.26%	5.60%
Accrued liability at 30 June 2012	9 728 891	8 061 223
Future - service cost	489 429	485 601
Interest cost	770 858	689 960
Expected benefits payments	-273 168	-222 192
Actuarial loss/ (gain)	-	-
Total annual expense	987 119	953 369
Projected accrued liability at 30 June 2013	10 716 010	9 014 592
Total liability	9 728 891	8 061 223
Current portion of long term liability	-489 429	-485 601
Long term	9 239 462	7 575 622
28.2 Provision for long-service awards		
The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.		
An actuarial valuation was carried out at 30 June 2012 and the full liability has been raised. The main assumption used by the actuary are:		
Discount rate per annum	6.48%	7.74%
General salary inflation rate (long term)	5.97%	6.25%
Net effective discount rate	0.48%	1.40%
Benchmark inflation (equal to salary inflation)	4.97%	5.25%

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		2012	2011
		R	R
28.2 Provision for long-service awards (continue)			
Accrued liability at 30 June 2012	106	2 857 440	2 699 151
Future - service cost		351 742	343 667
Interest cost		177 716	198 385
Expected benefits payments		-232 212	-277 936
Actuarial loss/ (gain)		-	-
Total annual expense		297 246	264 116
Projected accrued liability at 30 June 2013		3 154 686	2 027 228
Total liability	106	2 857 440	2 699 151
Current portion of long term liability		-351 742	-343 667
Long term		2 505 698	2 355 484
Total employee benefit obligations		11 745 160	9 931 106
29 CONTRIBUTION TO POST RETIREMENT MEDICAL BENEFITS AND LONG-SERVICE AWARDS			
Post retirement medical benefits	6100	1 937 121	1 826 782
Long-service awards	6101	478 865	1 080 017
		2 415 986	2 906 799
30 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT			
30.1 Contributions to organised local government			
KwaZulu-Natal Local Government Association (KWANALOGA)			
Opening balance		-	-
Council subscriptions:	101	353 529	224 016
Bargaining council	103	14 875	15 203
Amount paid - current year		-368 404	-239 219
Balance unpaid (included in payables)		-	-
30.2 Audit fees			
Opening balance		-	-
Current year audit fees		1 410 628	1 277 758
Amount paid - current year		-1 410 628	-1 277 758
Balance unpaid (included in payables)		-	-
30.3 Value added tax			
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
VAT input receivables are shown in note 7 and VAT input payables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.			
30.4 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		7 380 150	7 079 341
Amount paid - current year		-7 380 150	-7 079 341
Balance unpaid (included in payables)		-	-
30.5 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council contributions		12 234 822	11 790 947
Amount paid - current year		-12 234 822	-11 790 947
Balance unpaid (included in payables)		-	-
30.6 Councillor's arrear consumer accounts			
The following Councillor had an arrear account outstanding for more than 90 days as at 30 June 2012			
Cllr S Naicker	Total	3 542.26	2 720.13
	Less than 90 days	822.13	
	More than 90 days		2 720.13
Total outstanding		3 542.26	2 720.13
	Outstanding during the year of 2011/2012		
	Highest amount outstanding		Ageing days
Cllr S Naicker		2 208.02	180 days
Total outstanding		2 208.02	

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	2012 R	2011 R
31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
31.1 Irregular expenditure		
In accordance with Chapter 2, Section 8, Regulation 32, of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006):		
A performance bonus, based on affordability, may be paid to the employee, after-		
1) the annual report for the financial year under review has been tabled and adopted by the municipal council;		
2) an evaluation of performance in accordance with the provisions of regulation 23; and		
3) approval of such evaluation by the municipal council as a reward for outstanding performance.		
The performance bonuses for the 2009/2010 financial year were paid on 06 July 2010.		
The annual report for the 2009/2010 financial year was tabled and adopted on 31 January 2011.		
The following performance bonuses were paid to the Municipal Manager and Directors in contravention of the Municipal Performance Regulations:		
Opening balance	683 109	
Municipal Manager		144 719
Deputy Municipal Manager		101 898
Director: Corporate Services		93 375
Chief Financial Officer		101 898
Director: Protection Services		54 469
Director: Community Services		93 375
Director: Engineering Services		93 375
31.2 Unauthorised expenditure		
Tenders were called for the contract to manage the Eshowe waste transfer station and also to transport waste to the uThungulu regional landfill site in Empangeni.		
The contract was awarded to Messrs Interwaste. After the award of the contract it was discovered that a tractor loader backhoe (TLB) is required as part of the operations at the waste transfer station. A TLB was not part of the original tender specifications. After discussions between the Director: Engineering Services and the contractor, the contractor proceeded with the hiring of a TLB on behalf of the municipality. The proper supply chain management procedures were not followed which resulted in this being seen as unauthorised expenditure.		
The Executive Committee at its meeting held on 05 October 2011 resolved that the outstanding amount be paid to Messrs Interwaste, and that disciplinary action be instituted against the official who instructed the contractor to hire the TLB.	405 347	
A grant of R500 000 was received from the Department of Co-operative Governance and Traditional Affairs for the production and marketing of groundnuts. The grant was overspend by R63 083.24 during the production process. The over expenditure is seen as unauthorised as it has exceeded the budget capability.		
The Executive Committee at its meeting held on 14 August 2012 resolved that the over expenditure as at 30 April 2012 on the groundnut project be noted.		
Closing balance	63 083	
	1 151 540	683 109
31.3 Fruitless and wasteful expenditure		
Opening balance	-	
During November 2011 the Finance Department received written notices to change the banking details of two service providers. Payments were effected to the two amended bank account details. It was later established that the two banking details were fraudulently changed. The two service providers with the original banking details were also paid after they lodged complaints of outstanding invoices not been paid.		
The two payments were made to:		
Mthiya Labour Hire	27 200	
Mafahleni Consulting	16 124	
A case of fraud has occurred in the Finance Department with funds transferred by the accountant: expenditure. The fraud took place over a period of 11 months, commencing in July 2011, however this is under investigation.		
Illegal funds transferred in 2011/2012 financial year	207 725	
Transfer to receivables for recovery - not condoned (Note 7)	-207 725	
Closing balance	43 324	
31.4 Fraudulent revenue loss		
1. Theft of cash-Rates Hall		
Theft of cash - Rates Hall	102 191.36	
Legal fees	169 100.92	
	271 292.28	
Received from Council's Insurance Brokers - 24/10/2008	-88 491.82	
Legal fees 20/05/2009	3 676.09	
Transfer to receivables for recovery - not condoned (Note 7)	186 476.55	
2. Theft of cash-Butcher Street		
Theft of cash - Butcher street	7 651.58	
Transfer to receivables for recovery - not condoned (Note 7)	7 651.58	

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		<u>2012</u>	<u>2011</u>
		R	R
31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUE)			
Status report on incidents			
<i>1. Theft of cash-Rates Hall</i>	Account number		
Court case pending	9999763		
	Balance 30/06/2011	186 476.49	
	Legal fees	-	
	Balance 30/06/2012	186 476.49	
Court case 24 October 2011 - postponed to 16 April 2012			
Court case 16 April 2012 - postponed to 04 July 2012			
Court cases 04 July 2012, 12 July 2012, 13 July 2012 and 03 September 2012			
Court case 03 September 2012 - postponed to 26 - 30 November 2012			
<i>2. Theft of cash-Butcher Street</i>	Account number		
	9999616		
	Balance 30/06/2011	1 853.09	
	Payment	-100.00	
	Balance 30/06/2012	1 753.09	
Made arrangements to settle account in instalments. Debtor did not honour the agreement. Handed over in 2010/2011			
32 RECONCILIATION OF BUDGET SURPLUS/ (DEFICIT) WITH THE SURPLUS/ (DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE			
Net surplus/ (deficit) per the statement of financial performance		1 491 173	-4 647 370
Adjusted for:			
Fair value adjustments		699 900	-1 065 800
(Surplus)/ deficit on the sale of assets		-1 873 562	-471 423
Increases/ (decreases) in provisions		1 058 321	3 439 400
(Increases)/ decreases in revenue derived from tariffs		-240 966	574 031
(Increases)/ decreases in other revenue		829 366	350 894
(Increases)/ decreases in interest earned on external investments		-489 217	-284 589
(Increases)/ decreases in government grants and subsidies received		9 362 569	6 739 877
(Increases)/ decreases in depreciation recovered from reserves		-	1 200 000
Increases/ (decreases) in employee related cost		-1 240 530	-3 712 801
Increases/ (decreases) in general expenses		-9 629 097	-6 234 627
Increases/ (decreases) in contracted services		667 052	-500 085
Increases/ (decreases) in other expenditure		-519 221	5 027 102
Net surplus/ (deficit) per approved budget		115 790	414 610

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		2012	2011
		R	R
33 REPAIRS AND MAINTENANCE			
Buildings	6930	445 515	291 138
Electricity mains	7050	250 498	247 217
LV & HV Upgrading	7102	417 192	436 665
Electricity sub stations	7010	25 126	23 684
Fuel and oil	7180	1 883 713	1 509 672
Furniture and equipment	6950	126 973	124 183
Government grants expenditure	7150	580 326	1 109 705
Grounds (Parks and gardens, Cemeteries)	6960	155 068	21 572
Grounds (Recreation grounds)	6970	27 755	8 653
Information signs	7080	6 368	5 545
Office equipment	6900	44 014	56 881
Refuse site	6980	-	-
Roads and streets	6910	677 739	609 445
Small plant and equipment	7021	110 928	100 948
Speed testing equipment	7120	20 425	4 813
Street lights	7100	189 243	214 064
Traffic signs	7110	27 688	16 388
Transport	7020	741 147	708 947
Maintenance: Air conditioners	6951	11 101	4 640
Maintenance: Swimming pools	7000	-	-
Maintenance: Rural sport fields	7151	1 247 636	
Maintenance: Urban halls	7152	205 381	
Maintenance: Urban roads	7153	2 815 677	
Street Names	7090	-	2 252
Private Jobbing	7130	3 768	8 938
		10 013 279	5 505 350
34 CONTRACTED SERVICES			
Contracted services for:			
Animal pound	7871	600 000	
Archive storage	7856	53 918	10 302
Bank collections	7775	184 577	169 802
Cleaning : Bus rank	7830	514 189	215 245
Cleaning Contracts	7770	163 320	161 090
Computer maintenance	7845	947 253	541 855
Grass cutting	9908	1 206 930	1 002 201
Insurance	7850	530 907	519 568
Internal audit	7760	905 189	701 098
Lease: Propnet properties	7795	259 767	262 181
Lease: Weigh bridge	7857	275 000	483 000
Mailing: Monthly consumer accounts	7872	117 328	
Management system: Pre paid electricity	7840	87 784	38 381
Medical waste	7810	28 380	21 240
Pauper burials	7820	9 890	1 360
Performance management	7765	118 730	90 332
Post employment report	7860	25 000	
Pre paid electricity commission	7859	121 362	187 992
Refuse removal	7835	4 295 616	3 722 847
Rental of office equipment	7855	349 390	315 742
Security: Office bearers and Council buildings	7800	4 013 665	1 565 298
Security: Sport fields	9909	506 414	
Town planning	7780	424 983	478 688
Traffic violation system	7805	1 735 453	1 437 930
Valuation costs: Monthly maintenance	7785	446 186	328 711
Valuation costs: Second valuation process	7858	-	636 097
		17 921 232	12 890 960
35 GRANTS AND SUBSIDIES PAID			
Child and Family Welfare Organisation	6705	65 000	60 000
Society for the Prevention of Cruelty to Animals	6685	105 000	100 000
uMlalazi Tourism Association	6755	175 000	170 000
Zululand Historical Museum	6380	92 450	69 000
		437 450	399 000

uMLALAZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
36 GENERAL EXPENSES			
Included in the general expenses are the following:			
Advertising	6120	524 763	383 141
Audit fees	6150	1 410 628	1 277 758
Bank charges	9901	329 310	277 122
Bargaining Council levies	9910	14 875	15 203
Bursaries	9902	65 216	83 218
Cash handling fee: Easy pay	6852	14 813	
Chemicals	6180	5 042	21 135
Civic expenses	6190	120 547	101 161
Cleaning materials	9903	88 559	73 283
Conference and delegations	6230	51 525	22 680
Council's communication (Annual report, IDP and Quarterly newspaper)	9904	174 933	253 331
Electricity connections	6601	-	
Electricity: Other accounts	6312	436 197	
Entertainment allowances	6335	85 660	112 813
Finance Management Grant	9905	972 942	1 175 879
Furniture removal cost: Staff	6711	13 600	42 689
Government grants expenditure	9906	15 251 596	18 127 959
Grants and subsidies paid		437 450	399 000
Housing Administration	6390	16 270	16 270
Legal expenses	6470	968 496	1 335 644
Library: Purchasing of new books	6490	13 779	
License fees	6630	38 578	35 113
Loose Tools	6500	55 772	24 608
Medical supplies	6530	165 724	125 375
Membership fees (SALGA)	6730	353 529	224 016
Periodicals and publications	6570	22 866	83 431
Postage	6590	85 198	128 125
Printing and stationary	6600	555 558	586 181
Publicity	6620	47 433	44 571
Rates rebates	6792	9 247 143	12 297 750
Refuse bin liners	6650	458 894	557 993
Rental of buildings	6431	39 200	28 000
Road marking	6540	98 547	77 688
SABS: 3% charge	6680	41 549	35 157
Stock losses	6501		120 603
Subscriptions	9912	6 192	17 413
Subsistence and travel	6740	867 321	574 701
Telephone costs	6750	1 054 250	1 125 506
Training	6710	425 951	411 122
Ward committees	6793	21 355	26 354
Water and sanitation costs	6850	787 723	1 372 685
Weed eradication	6840	75 595	189 601
Other		11 944	53 789
		35 456 523	41 858 066
37 RENTAL OF FACILITIES AND EQUIPMENT			
Included in the rental of facilities are the following:			
Community halls/ Sports Club	5410	130 597	101 835
Land for sugar cane	5190	1 183 148	1 061 234
Road reserve	5470	-	97
Staff houses	5465	72 920	85 530
Sunnydale house	5490	6 310	6 310
Other rentals	5200	122 801	103 124
		1 515 776	1 358 130
38 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank	5310	1 139 217	634 589
Other		-	-
		1 139 217	634 589

uMLALAZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		<u>2012</u>	<u>2011</u>
		R	R
39 LICENCES AND PERMITS			
Trade licences	5260	4 035	1 886
Testing station fees	5270	2 060 141	2 136 608
Registration of vehicles	5280	1 244 993	996 290
Rank permits	5520	8 597	5 614
		<u>3 317 766</u>	<u>3 140 398</u>
40 OTHER INCOME			
Included in the other income are the following:			
Building plan fees	5210	179 218	118 235
Burial fees	5005	142 403	159 564
Caravan park entrance fees	402	14 960	16 759
Commission on stop orders	5080	27 468	24 172
Electricity connection fees	5220	217 567	243 949
Encroachment fees	5300	34 309	32 129
Garden refuse removal	5205	64 463	84 684
Housing administration fees and Insurance	5450	57 174	66 808
Photocopying	5265	192 393	55 606
Pre paid electricity sales administration fees	5555	134 790	83 342
Profit on E-card sales	5045	12 385	11 121
Rates clearance certificates	5070	28 390	14 210
SETA refund on staff training costs	5420	304 058	181 372
Swimming pool fees	404	-	5 732
Sundry	5075	121 532	186 565
Town planning	5275	18 719	
Use of refuse transfer station	5207	113 425	25 155
		<u>1 663 256</u>	<u>1 309 406</u>
41 GAIN/ (LOSS) ON SALE OF ASSETS			
Property, plant and equipment	5293	2 461 062	671 423
Intangible assets		-	-
Investment property		-	-
Other financial assets		-	-
		<u>2 461 062</u>	<u>671 423</u>
42 CONTRIBUTIONS TO STAFF LEAVE			
Balance at beginning of year		2 497 339	1 887 437
Contributions to provision	7400	1 063 810	1 430 229
Commuting of staff leave against provision		752 599	820 327
Balance at end of year		<u>2 808 550</u>	<u>2 497 339</u>
43 CURRENT PROVISIONS			
Current portion of post retirement medical benefits		489 429	485 601
Current portion of long service awards and retirement gifts		351 742	343 667
Provision for leave		2 808 550	2 497 339
Unspent unconditional grants		12 341 708	9 129 843
		<u>15 991 428</u>	<u>12 456 451</u>
44 ELECTRICITY LOSSES			
Purchase of electricity (kilowatt hours)		55 722 760	49 824 531
Sale of electricity (kilowatt hours)		47 060 870	44 037 904
		<u>8 661 890</u>	<u>5 786 627</u>
Kilowatt hour losses		15.54	11.61
Percentage losses			3 877 040.09
Rand value of electricity losses (5 786 627 kWh x 0.67)			
Rand value of electricity losses (8 661 890 kWh x 0.99)		8 575 271.10	
Electricity losses are caused by the following:			
1) Street lights consumptions that are not metered			
2) Municipal buildings consumptions that are not metered			
3) Tampering with electricity installations			
4) Other technical losses			

uMLALAZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

<u>2012</u>	<u>2011</u>
R	R

45 RETROSPECTIVE RESTATEMENT OF OPENING BALANCES

45.1

During the 2011/2012 financial year, the municipality completed the componentised infrastructure exercise of the storm water assets. In order to complete the exercise successfully, the opening balances of the storm water assets are restated.

The municipality's accounting records for 2011 reflect storm water assets of R79 831 993, (including revaluation of R77 276 803).

In 2011, the municipality reported:

Appendix B: Analysis of property plant and equipment

Storm water

Cost/Revaluation

Opening balance 30/06/2010	2 079 745
Under construction	
Additions	475 445
Revaluation	
Closing balance 30/06/2011	<u>2 555 190</u>

Accumulated depreciation

Opening balance 30/06/2010	460 860
Additions	71 904
Closing balance 30/06/2011	<u>532 764</u>

Carrying value 30/06/2011 2 022 426

APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (EXTRACT)

(Restated)

Storm water

Cost/Revaluation

Opening balance	79 831 993	2 079 745
Under construction		
Additions	2 186 175	475 445
Revaluation		77 276 803
Closing balance	<u>82 018 168</u>	<u>79 831 993</u>

Accumulated depreciation

Opening balance	52 742 256	460 860
Additions	6 150 597	71 904
Correction		52 209 492
Closing balance	<u>58 892 853</u>	<u>52 742 256</u>

Carrying value 23 125 315 27 089 737

STATEMENT OF CHANGES IN NET ASSETS (EXTRACT)

(Restated)

Opening revaluation reserve as previously reported	249 323 168	224 255 856
Revaluation of storm water assets		77 276 803
Surplus arising on revaluation of properties	15 695 056	
Offsetting of depreciation	-22 879 963	
Write off against revaluation of properties	-1 824 600	
Correction of storm water assets depreciation		-52 209 491
Closing revaluation reserve	<u>240 313 661</u>	<u>249 323 168</u>

45.2

In terms of paragraph 44 of GRAP 100 an entity shall present a non-current asset classified as held for sale separately from other assets. To comply with this accounting standard, the opening balance of properties is restated.

In 2011 the municipality reported:

Appendix B: Analysis of property plant and equipment

Properties

Cost/Revaluation

Opening balance 30/06/2010	121 915 104
Disposals	-991 500
Closing balance 30/06/2011	<u>120 923 604</u>

Accumulated depreciation

Opening balance 30/06/2010	4 837 010
Additions	1 743 411
Disposals	-6 933
Closing balance 30/06/2011	<u>6 573 488</u>

Carrying value 30/06/2011 114 350 116

45 RETROSPECTIVE RESTATEMENT OF OPENING BALANCES (CONTINUE)
APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (EXTRACT)

46. NON - CURRENT ASSETS HELD FOR SALE

Property, plant and equipment
Investment property
Other assets

Revaluation

Property, plant and equipment
Investment property
Other assets

47 CONTINGENT LIABILITY

Hereunder follows possible liability claims where the outcome was unknown at year end:

47.1 Escalation and haulage rates dispute.

940 000.00

Messrs PMPZ Construction CC was awarded a tender to construct the Butcher Street extension. At the completion of the project a legal dispute has arisen between the Council and PMPZ Construction CC. The dispute is in respect of the application of the tender and the interpretation of the contract and in relation to the application of escalation and haulage rates. Council is contesting the dispute. Messrs PMPZ Construction CC proceeded to arbitration. The arbitration proceedings are still underway. A new date for the arbitration hearing is awaited. The municipality has an excellent chance of successfully resisting the claim by Messrs PMPZ Construction CC.

47.2 Cancellation of agreement dispute.

800 000,00

Messrs Masibambisane Business Enterprise was appointed as a contractor for waste management (litter collection, street cleaning and refuse collection) in Mtunzini. Due to non-performance by the contractor, the agreement was cancelled. The contractor is opposing the cancellation of the agreement. After Messrs Masibambisane Business Enterprise obtained judgement against the municipality, an application for leave to appeal was successfully lodged. At present a date for the hearing is awaited.

47.3 Judgement by default against the municipality.

20 000.00

Messrs Leomat Construction obtained judgement by default against the municipality, for the non-payment of a payment certificate for the construction of infrastructure at Naickerville. The contractor has since been paid the capital amount of its claim and negotiations are underway for the rescission of the judgement.

47.4 Levied electricity service charges incorrectly on consumer account.

The electricity by-laws changed in 2005. The municipality continued to raise the service charges on Messrs PEC Metering's bulk electricity account in terms of the previous electricity by-laws. An opinion had been given to the municipality. It appears that the municipality is liable to refund Messrs PEC Metering the incorrect charges.

520 000.00

47.5 Claim for security services rendered

Messrs Solbeth Protection and Risk Management is claiming for security services which is being resisted.

175 000.00

uMLALAZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

48 DISCONTINUED OPERATIONS

With reference to the National Health Council resolution of 24 November 2005 and the unsigned agreement of the transfer of functions, staff and assets from the municipality to the KwaZulu - Natal Department of Health, it be noted that the transfer of staff of the Clinics will take place on 01 August 2012 with specific reference to Clause 2 of the agreement which reads as follows:
" Notwithstanding the date of signature of the parties, the effective date of transfer will be 1st August 2012."
The financial entries would therefore only be reflected in the 2012/2013 financial statements.

2012	2011
R	R

49 INTANGIBLE ASSETS

Carrying values at the beginning of the year

Cost	48 646	22 624
Accumulated depreciation	986 771	941 009
	-938 125	-918 385

Additions	26 470	45 762
Depreciation	-28 691	-19 740

Carrying values at the end of the year

Cost	46 427	48 646
Accumulated depreciation	1 013 241	986 771
	-966 816	-938 125

Intangible assets are initially recognised at cost and are carried at cost less depreciation.

The municipality does not have any internally generated intangible assets.

50 VARIOUS VOTES EXCEEDED BUDGET

The following votes exceeded the budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Housing administration	146 070	207 685	61 615
Refuse	12 049 511	12 711 311	661 800
Swimming pool	693 405	728 070	34 665
Electricity administration and distribution	44 062 495	45 912 173	1 849 678
Total			<u>2 607 758</u>

Refer Appendix E (1)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

PROPERTY, PLANT AND EQUIPMENT

	Properties	Community assets	Vehicles	Roads	Storm water	Electrical	Toolbox	Total
Reconciliation of carrying value								
Carrying values at 01 July 2011	113 811 616	51 275 919	5 726 836	190 131 957	27 089 737	40 984 216	2 323 160	431 343 440
Cost	120 385 104	57 681 151	13 336 110	345 806 081	79 831 993	66 609 204	9 178 832	692 828 476
Cost Revaluation	120 385 104	57 681 151	13 336 110	345 806 081	79 831 993	66 609 204	9 178 832	692 828 476
Accumulated depreciation	-6 573 488	-6 405 232	-7 609 274	-155 674 125	-52 742 256	-25 624 989	-6 855 672	-261 485 036
Cost Revaluation	-6 573 488	-6 405 232	-7 609 274	-155 674 125	-52 742 256	-25 624 989	-6 855 672	-261 485 036
Under construction	-	1 500 790		13 603 635				15 104 425
Acquisitions	-	2 531 772	432 251	1 994 976	2 186 175	552 636	1 829 237	9 527 047
Increases/ (decreases) in revaluation	15 405 456							15 405 456
Depreciation	-2 440 172	-1 417 474	-1 063 238	-16 647 856	-6 150 597	-1 738 955	-941 120	-30 399 413
Based on cost Based on revaluation	-2 440 172	-1 417 474	-1 063 238	-16 647 856	-6 150 597	-1 738 955	-941 120	-30 399 413
Carrying value of disposals								
Cost/ revaluation	-1 824 600	-562	-105 680				-369 905	-2 300 747
Accumulated depreciation	-	186	105 680				318 843	424 709
Impairment losses		-1 232 683						-1 232 683
Fair value adjustment								-
Carrying values at 30 June 2012	124 952 300	52 657 948	5 095 849	189 082 709	23 125 315	39 797 896	3 160 214	437 872 231
	133 965 960	60 480 469	13 662 681	361 404 693	82 018 168	67 161 840	10 638 164	729 331 974
Cost	118 560 504	60 480 469	13 662 681	361 404 693	82 018 168	67 161 840	10 638 164	713 926 518
Revaluation	15 405 456	-	-	-	-	-	-	15 405 456
Accumulated depreciation	-9 013 660	-7 822 521	-8 566 832	-172 321 981	-58 892 853	-27 363 944	-7 477 949	-291 459 740
Cost Revaluation	-9 013 660	-7 822 521	-8 566 832	-172 321 981	-58 892 853	-27 363 944	-7 477 949	-291 459 740
Carrying values at 30 June 2012	124 952 300	52 657 948	5 095 849	189 082 709	23 125 315	39 797 896	3 160 214	437 872 231

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

PROPERTY, PLANT AND EQUIPMENT	(Restated) Properties	Community assets	Vehicles	Roads	(Restated) Storm water	Electrical	Toolbox	Total
Reconciliation of carrying value								
Carrying values at 01 July 2010	117 078 094	42 204 615	5 332 822	205 443 643	1 618 885	41 191 659	1 934 590	414 804 308
Cost	121 915 104	47 389 414	11 848 134	339 271 676	2 079 745	65 091 257	8 200 809	595 796 139
Cost	121 915 104	47 389 414	11 848 134	339 271 676	2 079 745	65 091 257	8 200 809	595 796 139
Revaluation								
Accumulated depreciation	-4 837 010	-5 184 799	-6 515 312	-133 828 033	-460 860	-23 899 598	-6 266 219	-180 991 831
Cost	-4 837 010	-5 184 799	-6 515 312	-133 828 033	-460 860	-23 899 598	-6 266 219	-180 991 831
Revaluation								-
Under construction	-	2 088 489		2 442 438				4 530 927
Acquisitions	-	8 262 116	1 488 426	4 091 967	475 445	1 517 948	1 130 832	16 966 734
Increases/ (decreases) in revaluation					77 276 803			77 276 803
Depreciation	-1 743 411	-1 236 131	-1 094 412	-21 846 094	-52 281 396	-1 725 391	-726 692	-80 653 527
Based on cost	-1 743 411	-1 236 131	-1 094 412	-21 846 094	-71 904	-1 725 391	-726 692	-28 444 035
Based on revaluation					-52 209 492			-52 209 492
Carrying value of disposals								
Cost/ revaluation	-991 500	-58 868	-450				-152 809	-1 203 627
Accumulated depreciation	6 933	15 698	450				137 240	160 321
Reclassified as non-current assets held for sale	-538 500							-538 500
Impairment losses								-
Fair value adjustment								-
Carrying values at 30 June 2011	113 811 616	51 275 919	5 726 836	190 131 957	27 089 737	40 984 216	2 323 160	431 343 440
	120 385 104	57 681 151	13 336 110	345 806 081	79 831 993	66 609 205	9 178 832	692 828 476
Cost	120 385 104	57 681 151	13 336 110	345 806 081	2 555 190	66 609 205	9 178 832	615 551 673
Revaluation	-	-	-	-	77 276 803	-	-	77 276 803
Accumulated depreciation	-6 573 488	-6 405 232	-7 609 274	-155 674 127	-52 742 256	-25 624 989	-6 855 671	-261 485 037
Cost	-6 573 488	-6 405 232	-7 609 274	-155 674 127	-532 764	-25 624 989	-6 855 671	-209 275 545
Revaluation					-52 209 492			-
Carrying values at 30 June 2011	113 811 616	51 275 919	5 726 836	190 131 957	27 089 737	40 984 216	2 323 160	431 343 440

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GOVERNMENT GRANTS AND SUBSIDIES

	GR	Balance unspent at 30/06/2012	Received during 2012	Interest earned 2012	Conditions met transferred to revenue	Balance unspent at 30/06/2011	Received during 2011	Interest earned 2011	Conditions met transferred to revenue	Balance unspent at 30/06/2010
		R	R	R	R	R	R	R	R	R
DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS										
Establishment of Animal Pound	54	1 067 708		58 030	-3 933	1 013 611	1 000 000	13 611		
Groundnut activities	52	-	500 000		-500 000					
		1 067 708	500 000	58 030	-503 933	1 013 611	1 000 000	13 611	-	-
NATIONAL TREASURY										
Municipal Systems Improvement Grant	15	0	790 000	20 462	-1 339 901	529 439	750 000	21 194	-265 896	24 141
Municipal Infrastructure Grant	35	3 119 227	22 284 000	192 087	-23 177 875	3 821 015	9 781 000	223 085	-12 075 337	5 892 267
Financial Management Grant	44	0	1 450 000	33 269	-1 766 863	283 594	1 200 000	24 792	-941 198	-
		3 119 227	24 524 000	245 819	-26 284 639	4 634 048	11 731 000	269 071	-13 282 431	5 916 408
DEPARTMENT OF HUMAN SETTLEMENTS										
Sunnydale Low Cost Housing	51	1 482 093	633 819		-285 059	1 133 333	6 152 682		-5 019 349	54 250
		1 482 093	633 819	-	-285 059	1 133 333	6 152 682	-	-5 019 349	54 250
DEPARTMENT OF ARTS AND CULTURAL										
King Dinuzulu Library	50	135 175	206 478	4 271	-189 937	114 363	1 548 000	1 115	-1 487 089	52 337
		135 175	206 478	4 271	-189 937	114 363	1 548 000	1 115	-1 487 089	52 337
UTHUNGULU DISTRICT MUNICIPALITY										
Capacity Building	30	-				-			-29 578	29 578
Note book: Environmental Health Staff	30	-				-			-7 365	7 365
Information signs: Heritage - Route 66		6 449				6 449			-131 290	137 739
		6 449	-	-	-	6 449	-	-	-168 233	174 682
INGONYAMA TRUST BOARD										
Field Fires		-				-			-22 084	22 084
		-	-	-	-	-	-	-	-22 084	22 084
DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES										
Greenest Municipality Grant	53	116 623	400 000	7 491	-290 868					
		116 623	400 000	7 491	-290 868					
		5 927 275	26 264 296	315 610	-27 554 437	6 901 803	20 431 682	283 797	-19 979 186	6 219 761

APPENDIX A

uMLALAZI MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2012

EXTERNAL LOANS	Loan	Interest rate	Maturity date	Balance at 30/06/2011 R	Received during the period R	Redeemed written off during the period R	Balance 30/06/2012 R	Carrying Value of Property Plant & Equipment R	Other Costs in Accordance with the MFMA R
Annuity Loans									
Development Bank of South Africa	Industrial Area	12.42%		6 170 681	-	342 816	5 827 866		
TOTAL EXTERNAL LOANS				6 170 681	-	342 816	5 827 866		

APPENDIX B
uMLALAZI MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2012

	Cost / Revaluation								Accumulated Depreciation						(Restated) Carrying Value
	(Restated) Opening Balance	Under Construction	Additions	Revaluation	Fair Value Adjustment	Impairment losses	Disposals	Closing Balance	(Restated) Opening Balance	Additions	Disposals	Closing Balance	Carrying Value		
	30/06/2011	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	30/06/2012	30/06/2011	2011/2012	2011/2012	30/06/2012	30/06/2012		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Properties	120 385 104			15 405 456			-1 824 600	133 965 960	-6 573 488	-2 440 172		-9 013 660	124 952 300	113 811 616	
Community assets	57 681 151	1 500 790	2 531 772			-1 232 683	-562	60 480 469	-6 405 232	-1 417 474	186	-7 822 521	52 657 949	51 275 919	
Vehicles	13 336 110		432 251				-105 680	13 662 681	-7 609 274	-1 063 238	105 680	-8 566 832	5 095 849	5 726 836	
Roads	345 806 081	13 603 635	1 994 976		-		-	361 404 693	-155 674 125	-16 647 856	-	-172 321 981	189 082 709	190 131 957	
Earthworks & information	74 920 350	9 156 413	81 335					84 158 097	-32 460 941	-1 050 521		-33 511 462	50 646 635	42 459 409	
Road structural layer	100 656 608	2 949 197	777 453					104 383 257	-65 067 395	-3 483 540		-68 550 935	35 832 322	35 589 213	
Road surface	53 322 955	1 223 098	138 892					54 684 945	-41 179 488	-10 036 636		-51 216 124	3 468 821	12 143 467	
Super structure: Bridges	2 351 717		28 580					2 380 297	-825 497	-57 290		-882 787	1 497 510	1 526 220	
Footpaths	2 775 053							2 775 053	-584 251	-123 880		-708 131	2 066 922	2 190 802	
Kerbs	33 267 908	274 928						33 542 836	-14 748 210	-1 582 619		-16 330 829	17 212 005	18 519 698	
Road reserve: Land	69 502 363							69 502 363				-	69 502 363	69 502 363	
Mini roundabout	733 430							733 430	-287 296	-24 448		-311 744	421 686	446 134	
Speed humps	153 478		64 450					217 928	-32 940	-10 057		-42 997	174 931	120 538	
Causeways	8 122 220		904 267					9 026 487	-488 107	-278 865		-766 972	8 259 514	7 634 113	
Storm water	79 831 993		2 186 175					82 018 168	-52 742 256	-6 150 597		-58 892 853	23 125 315	27 089 737	
Channels	26 775 792							26 775 792	-21 063 093	-4 908 059		-25 971 152	804 640	5 712 699	
Culverts	8 320 027							8 320 027	-5 546 683	-138 667		-5 685 350	2 634 677	2 773 344	
Kerb inlets	7 847 400							7 847 400	-4 069 250	-392 370		-4 461 620	3 385 780	3 778 150	
Masonry structures	2 529 000							2 529 000	-1 263 960	-50 580		-1 314 540	1 214 460	1 265 040	
Pipes	25 022 249		2 186 175					27 208 423	-16 514 706	-503 702		-17 018 408	10 190 015	8 507 543	
Concrete structures	9 337 525							9 337 525	-4 284 564	-157 219		-4 441 783	4 895 742	5 052 961	
Electrical	66 609 204	-	552 636		-		-	67 161 840	-25 624 989	-1 738 955	-	-27 363 944	39 797 896	40 984 216	
Electrical cables	15 263 345		65 718					15 329 063	-5 009 137	-323 791		-5 332 928	9 996 135	10 254 208	
Mini substations	9 865 726							9 865 726	-3 682 222	-318 502		-4 000 724	5 865 002	6 183 504	
Robot equipment	300 259		43 014					343 273	-98 163	-18 312		-116 475	226 799	202 096	
Streetlights	2 099 779		91 777					2 191 556	-735 923	-139 005		-874 928	1 316 628	1 363 856	
Transformers	39 080 096		352 127					39 432 223	-16 099 544	-939 346		-17 038 890	22 393 332	22 980 552	
Toolbox	9 178 832		1 829 237				-369 905	10 638 164	-6 855 672	-941 120	318 843	-7 477 949	3 160 214	2 323 160	
Property, plant and equipment(Note 50)	692 828 476	15 104 425	9 527 047	15 405 456	-	-1 232 683	-2 300 747	729 331 974	-261 485 036	-30 399 413	424 709	-291 459 740	437 872 231	431 343 440	
Investment properties (Note 13)	8 600 802				800 100			9 400 902				-	9 400 902	8 600 802	
Intangible assets (Note 49)	986 771		26 470					1 013 241	-938 125	-28 691		-966 816	46 427	48 646	
Non-current assets held for sale (Note 46)	538 500			289 600				828 100					828 100	538 500	
	702 954 549	15 104 425	9 553 517	15 695 056	800 100	-1 232 683	-2 300 747	740 574 217	-262 423 161	-30 428 104	424 709	-292 426 556	448 147 660	440 531 388	

APPENDIX C

uMLALAZI MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2012

	(Restated) Opening Balance 30/06/2011	Cost / Revaluation		Revaluation	Fair Value Adjustment	Impairment losses	Disposals	Closing Balance 30/06/2012	(Restated) Opening Balance 30/06/2011	Accumulated Depreciation			Carrying Value 30/06/2012	(Restated) Carrying Value 30/06/2011
	R	Under Construction 2011/2012	Additions 2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	R	R	2011/2012	2011/2012	Closing Balance 30/06/2012	R	R
Council General	126 958 768	226 015	748 481	15 695 056	800 100		-1 893 110	142 535 309	-9 085 620	-2 656 445	68 510	-11 673 556	130 861 753	117 873 149
Municipal Manager	309 005		53 978					362 983	-176 788	-24 378		-201 166	161 817	132 217
Town planning and building control	665 025							665 025	-462 938	-38 379		-501 317	163 707	202 086
Housing service administration	1 154 986							1 154 986	-476 817	-38 496		-515 313	639 672	678 168
Council administration and political secretariat	2 231 913		36 479					2 268 392	-949 406	-165 123		-1 114 529	1 153 862	1 282 506
Museum	177 664		15 502					193 166	-66 718	-10 403		-77 121	116 045	110 946
Libraries	9 875 450		60 301					9 935 752	-1 595 348	-361 831		-1 957 179	7 978 573	8 280 102
Town hall	5 444 415	173 487	611 877					6 229 779	-1 525 761	-233 884		-1 759 645	4 470 134	3 918 654
Refuse	18 557 978		358 091			-1 232 683		17 683 386	-1 822 910	-446 179		-2 269 089	15 414 297	16 735 068
Health	321 006		42 239				-1 000	362 245	-181 388	-33 373	1 000	-213 761	148 484	139 618
Swimming pool	417 978		758 804				-189 148	987 635	-302 135	-5 966	137 709	-170 392	817 243	115 843
Clinic	1 165 962		22 378					1 188 340	-621 021	-30 242		-651 263	537 076	544 941
Parks, gardens and estates	12 009 390	864 584	377 292				-121 552	13 129 714	-1 241 478	-316 028	121 552	-1 435 954	11 693 760	10 767 913
Protection services	9 382 740	236 704	521 846				-94 462	10 046 828	-3 732 135	-741 064	94 462	-4 378 737	5 668 090	5 650 605
Engineers administration	283 966		94 950					378 916	-147 923	-37 844		-185 767	193 149	136 041
Cemeteries	1 618 018		260 356					1 878 374	-33 301	-39 043		-72 344	1 806 029	1 584 717
Airport	14 151							14 151	-4 215	-183		-4 398	9 753	9 936
Chief Financial Officer	3 928 585		365 173				-1 475	4 292 283	-2 314 247	-209 303	1 475	-2 522 075	1 770 208	1 614 338
Stores	351 684		66 723					418 407	-250 968	-18 701		-269 669	148 737	100 716
Electricity administration	68 352 103		590 499					68 942 602	-26 942 341	-1 812 467		-28 754 808	40 187 794	41 409 762
Workshops	362 212		51 600					413 812	-230 002	-26 071		-256 073	157 739	132 210
Public works	439 371 550	13 603 635	4 516 948					457 492 133	-210 259 699	-23 182 699		-233 442 398	224 049 735	229 111 852
	702 954 549	15 104 425	9 553 517	15 695 056	800 100	-1 232 683	-2 300 747	740 574 217	-262 423 161	-30 428 104	424 709	-292 426 556	448 147 660	440 531 388

APPENDIX D

uMLALAZI MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2012

		2012 Actual Income	2012 Actual Expenditure	2012 (Surplus)/ Deficit	2011 Actual Income	2011 Actual Expenditure	2011 (Surplus)/ Deficit
		R	R	R	R	R	R
Council General	13	-85 509 203	44 699 234	-40 809 969	-80 115 915	47 427 495	-32 688 420
Municipal Manager	14	-512 322	3 338 065	2 825 743	-30 875	3 374 106	3 343 231
Town Planning and Building Control	15	-	534 060	534 060	-	461 281	461 281
Housing Service Administration	16	-136 472	207 685	71 213	-879 725	1 199 651	319 926
Council Administration and Political Secretariat	17	-215 148	3 652 076	3 436 928	-77 010	3 474 696	3 397 686
Museum	18	-125 000	594 570	469 570	-73 000	510 151	437 151
Libraries	19	-1 434 586	1 839 993	405 407	-138 974	1 566 416	1 427 442
Town Hall	20	-1 144 085	2 628 732	1 484 647	-1 011 172	2 175 451	1 164 279
Refuse	21	-9 751 219	12 711 311	2 960 092	-9 300 809	11 700 799	2 399 990
Health	22	-2 035 377	3 121 578	1 086 201	-2 631 373	3 972 862	1 341 489
Swimming Pool	23	-	728 070	728 070	-	716 959	716 959
Clinic	24	-4 189 160	4 012 283	-176 877	-3 990 436	3 675 695	-314 741
Parks, Gardens and Estates	25	-4 192 818	8 691 685	4 498 866	-2 469 086	7 702 095	5 233 009
Protection Services	26	-6 473 265	18 221 546	11 748 280	-7 734 928	14 727 334	6 992 406
Engineer's Administration	27	-1 370 221	2 549 119	1 178 898	-808 269	2 020 828	1 212 559
Cemeteries	28	-142 403	150 084	7 681	-159 564	101 616	-57 949
Airport	29	-	8 646	8 646	-	8 647	8 647
Chief Financial Officer	30	-2 059 022	6 145 341	4 086 319	-2 193 078	6 089 107	3 896 029
Roads	31	-6 108 825	11 243 493	5 134 668	-4 397 518	8 862 393	4 464 875
Stores	32	-	1 055 057	1 055 057	-	682 191	682 191
Electricity Administration	33	-48 582 531	45 912 173	-2 670 358	-39 422 495	39 299 976	-122 519
Workshops	34	-	445 685	445 685	-	331 849	331 849
Total		-173 981 659	172 490 486	-1 491 173	-155 434 227	160 081 598	4 647 370

APPENDIX E (1)

uMLALAZI MUNICIPALITY

ACTUAL COMPARED WITH BUDGETED REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2012

		Actual 2012	Budget 2012	Variance 2012	Variance 2012	Explanation of significant variance greater than 10% versus budget
		R	R	R	%	
REVENUE						
Property rates	1	-37 980 506	-38 377 570	397 064	-1.03%	
Property rates- penalties imposed	2	-679 802	-666 710	-13 092	1.96%	
Service charges	3	-52 027 232	-51 377 900	-649 332	1.26%	
Rental of facilities and equipment	4	-1 515 776	-1 540 170	24 394	-1.58%	
Interest earned- external investments	5	-1 139 217	-650 000	-489 217	75.26%	More investments made during the year than anticipated.
Fines	7	-2 622 521	-3 395 730	773 209	-22.77%	Under recovery of traffic fines.
Licences and permits	8	-3 317 766	-3 297 670	-20 096	0.61%	
Government grants and subsidies	9	-69 774 421	-79 136 990	9 362 569	-11.83%	Under spending of equitable share grant projects.
Other income	10	-1 663 256	-1 739 510	76 254	-4.38%	
Total revenue		-170 720 498	-180 182 250	9 461 752	-5.25%	
EXPENDITURE						
Council General	13	44 699 234	51 477 330	-6 778 096	-13.17%	Under spending of equitable share grant projects.
Municipal Manager	14	3 338 065	3 427 625	-89 560	-2.61%	
Town Planning and Building Control	15	534 060	549 601	-15 541	-2.83%	
Housing Service Administration	16	207 685	146 070	61 615	42.18%	Additional maintenance on staff house at 3 Paul Street.
Council Administration and Political Secretariat	17	3 652 076	3 699 845	-47 769	-1.29%	
Museum	18	594 570	607 035	-12 465	-2.05%	
Libraries	19	1 839 993	1 991 485	-151 492	-7.61%	
Town Hall	20	2 628 732	3 563 120	-934 388	-26.22%	Under spending on urban and rural community halls maintenance.
Refuse	21	12 711 311	12 049 511	661 800	5.49%	
Health	22	3 121 578	3 690 395	-568 817	-15.41%	Under spending of equitable share grant projects.
Swimming Pool	23	728 070	693 405	34 665	5.00%	
Clinic	24	4 012 283	4 014 340	-2 057	-0.05%	
Parks, Gardens and Estates	25	8 691 685	9 710 810	-1 019 125	-10.49%	Under spending of equitable share grant projects.
Protection Services	26	18 221 546	18 889 061	-667 515	-3.53%	
Engineer's Administration	27	2 549 119	2 947 480	-398 361	-13.52%	PMU costs less than budgeted for, and Greenest Municipality grant not fully spent.
Cemeteries	28	150 084	225 380	-75 296	-33.41%	Less pauper burials than budgeted for.
Airport	29	8 646	11 080	-2 434	-21.97%	Less spent on landing strip maintenance than budgeted for.
Chief Financial Officer	30	6 145 341	6 888 020	-742 679	-10.78%	Under spending on Finance Management Grant.
Roads	31	11 243 493	11 983 864	-740 371	-6.18%	
Stores	32	1 055 057	1 061 135	-6 078	-0.57%	
Electricity Administration & Distribution	33	45 912 173	44 062 495	1 849 678	4.20%	
Workshops	34	445 685	464 873	-19 188	-4.13%	
Total expenditure		172 490 486	182 153 960	-9 663 474	-5.31%	
(Gain)/ loss on sale of assets	12	-2 461 062	-587 500	-1 873 562	318.90%	Sale of land called Bins Common caused additional revenue.
(Profit)/ loss on fair value adjustment	38	-800 100	-1 500 000	699 900	-46.66%	Fair value adjustment on investment properties less than anticipated.
NET (SURPLUS)/ DEFICIT FOR THE YEAR		-1 491 173	-115 790	-1 375 383		

APPENDIX E (2)

UMLALAZI MUNICIPALITY

ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance	Explanation of significant variances greater than 10% versus budget
	R	R	R	R	R	%	
Council General	1 548 581	226 015	1 774 596	1 871 977	97 381	5.20%	
Municipal Manager	53 978		53 978	93 550	39 572	42.30%	All furniture not purchased as planned.
Town Planning and Building Control			-	255 000	255 000	100.00%	Handyman's workshop was not constructed as planned.
Council Administration and Political Secretariat	36 480		36 480	40 000	3 520	8.80%	
Museum	15 502		15 502	19 500	3 998	20.50%	All furniture not purchased as planned.
Libraries	60 301		60 301	63 000	2 699	4.28%	
Town Hall	611 877	173 487	785 364	815 000	29 636	3.64%	
Refuse	358 092		358 092	371 500	13 408	3.61%	
Health	42 239		42 239	47 655	5 416	11.37%	The cost of the chair for Director: Community Services was less than anticipated.
Swimming Pool	758 804		758 804	914 600	155 796	17.03%	Construction cost for the Sunnyside swimming pool was less than anticipated.
Clinic	22 378		22 378	68 045	45 667	67.11%	Due to the possible transfer of the clinics to the Province Department of Health, the purchasing of capital items were withheld.
Parks, Gardens and Estates	377 292	864 584	1 241 876	2 865 992	1 624 116	56.67%	The under expenditure on Hlayinyana and Hlokoloko sports fields was due to under performance by appointed contractors.
Protection Services	521 846	236 704	758 550	2 725 500	1 966 950	72.17%	The planned improvements on the Gingindlovu and Mtunzini fire stations never materialised. Due to bad planning the Double Cab LDV vehicle for the fire fighting section was not purchased.
Engineer's Administration	94 950		94 950	201 500	106 550	52.88%	The actual cost for the security system at the engineering reception offices was less than planned.
Cemeteries	260 356		260 356	261 000	644	0.25%	
Chief Financial Officer	365 173		365 173	438 950	73 777	16.81%	The actual cost of the security door and air-conditioning units at the Rates Hall was less than anticipated.
Stores	66 723		66 723	79 000	12 277	15.54%	The actual cost for the lighting protection was less than planned.
Electricity Administration	590 499		590 499	1 253 500	663 001	52.89%	The planned electrification program did not commence.
Workshops	51 600		51 600	64 500	12 900	20.00%	The actual cost of the electric fence was less than anticipated.
Public Works	4 516 948	13 603 635	18 120 583	26 787 099	8 666 516	32.35%	Eshowe Bus & Taxi rank development is not completed and no payments made. The budgeted amount is R3100 000. The under expenditure on the Nhlanzanyoni causeway and the Sunnyside internal roads was due to the under performance of contractors. The Kangella street project did not commence.
	10 353 617	15 104 425	25 458 042	39 236 868	13 778 826	35.12%	

APPENDIX E (3)

uMLALAZI MUNICIPALITY

ACTUAL VERSUS BUDGET - BUDGET INFORMATION

FOR THE YEAR ENDED 30 JUNE 2012

Actual 2011			Actual 2012	Approved Budget 2012	Adjustments	Final Budget 2012
R			R	R		R
REVENUE						
40 566 126	Property rates	1	37 980 506	37 364 200	1 013 370	38 377 570
978 817	Property rates- penalties imposed	2	679 802	950 000	-283 290	666 710
44 019 166	Service charges	3	52 027 232	46 518 830	4 859 070	51 377 900
1 358 130	Rental of facilities and equipment	4	1 515 776	1 011 300	528 870	1 540 170
634 589	Interest earned- external investments	5	1 139 217	600 000	50 000	650 000
3 374 512	Fines	7	2 622 521	4 229 610	-833 880	3 395 730
3 140 398	Licences and permits	8	3 317 766	12 200	3 285 470	3 297 670
57 515 861	Government grants and subsidies	9	69 774 421	55 439 420	23 697 570	79 136 990
1 309 406	Other income	10	1 663 256	5 373 130	-3 633 620	1 739 510
152 897 005	Total revenue		170 720 498	151 498 690	28 683 560	180 182 250
EXPENDITURE						
49 866 542	Employee related costs	13	51 875 069	51 818 290	1 305 350	53 123 640
10 953 567	Remuneration of councillors	14	12 059 172	11 490 610	560 520	12 051 130
1 225 733	Bad debts	15	1 846 094	537 380	726 870	1 264 250
7 037 139	Depreciation	17	7 548 141	5 262 630	2 741 350	8 003 980
5 505 350	Repairs and maintenance	18	10 013 279	5 215 230	7 086 720	12 301 950
643 051	Finance costs	19	770 248	36 050	809 900	845 950
25 780 432	Bulk purchases	20	31 537 202	24 371 560	5 320 490	29 692 050
12 890 960	Contracted services	21	17 921 232	13 920 530	3 333 650	17 254 180
2 906 799	Post retirement medical benefits and long service awards	22	2 415 986	1 011 330	50 570	1 061 900
41 858 066	General expenses	23	35 456 523	39 756 330	5 329 290	45 085 620
1 430 229	Contributions to staff leave	25	1 063 810	335 440	1 150 140	1 485 580
-16 270	Less Recharges	36	-16 270	-12 000	-4 270	-16 270
160 081 598	Total expenditure		172 490 486	153 743 380	28 410 580	182 153 960
671 423	Gain/ (loss) on sale of assets		2 461 062	200 000	387 500	587 500
1 865 800	Profit/ (loss) on fair value adjustment		800 100	-	1 500 000	1 500 000
-	Depreciation recovered from reserves		-	2 256 800	-2 256 800	-
-4 647 370	SURPLUS/ (DEFICIT) FOR THE YEAR		1 491 173	212 110	-96 320	115 790

APPENDIX F

uMLALAZI MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA (ACT NO. 56 OF 2003)

FOR THE YEAR ENDED 30 JUNE 2012

Grants and Subsidies Received

Name of organ of state and description of grants	Number of grant	Quarterly receipts				Quarterly expenditure				Grants and Subsidies delayed/withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		July to Sept 2011	Oct to Dec 2011	Jan to Mar 2012	April to June 2012	July to Sept 2011	Oct to Dec 2011	Jan to Mar 2012	April to June 2012				
		2	3	4	5	2	3	4	5				
DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS													
Establishment of pound	54				58 030			3 933		NO	N/A	YES	N/A
Groundnut activities	52		500 000.00		12 322.00			380 659	119 341	NO	N/A	YES	N/A
NATIONAL TREASURY													
Municipal Systems Improvement Grant	15	790 000			20 462	13 028	553 839	28 082	724 491	NO	N/A	YES	N/A
Municipal Infrastructure Grant	35	22 476 087			192 087	1 778 440	2 580 172	10 148 687	11 079 722	NO	N/A	YES	N/A
Financial Management Grant	44	1 450 000			33 269	305 424	362 042	712 069	354 058	NO	N/A	YES	N/A
DEPARTMENT OF HUMAM SETTLEMENTS													
Sunnydale Low Cost	51				633 819			285 059		NO	N/A	YES	N/A
		24 716 087	500 000	-	949 989	2 096 892	3 496 053	11 558 489	12 277 612				
DEPARTMENT OF ARTS AND CULTURAL													
King Dinuzulu Library: Cyber cadet	50			204 000	2 478	44 647	30 432	80 683	49 724	NO	N/A	YES	N/A
DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES													
Greenest Municipality	53	400 000			7 491	1 368		171 000	118 500	NO	N/A	YES	N/A
		400 000	-	204 000	9 969	46 015	30 432	251 683	168 224				
TOTAL OF ALL GRANTS		25 116 087	500 000	204 000	959 958	2 142 907	3 526 485	11 810 172	12 445 836				

APPENDIX G

uMLALAZI MUNICIPALITY

DEVIATION FROM SUPPLY CHAIN MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2012

Date	Supplier	Item description	Reason for deviation	Value (Rand)
July	Fujitsu Services	Corvu - on site support	Section 36 (1)(a)(v) - Exceptional Case	26 767.00
	Much Asphalt	9.5 mm medium grade asphalt & cold mix	Section 36 (1)(a)(ii) - Single Supplier	28 728.00
	Netwize	Cleaning of 17 laptops after training	Section 36 (1)(a)(v) - Exceptional Case	14 147.40
	Netwize	Asset check of all computers for insurance	Section 36 (1)(a)(v) - Exceptional Case	9 348.00
	Makheda Business Projects & Security	Security for Mayor	Section 36 (1)(a)(v) - Exceptional Case	56 700.00
	Makheda Business Projects & Security	Security for Speaker	Section 36 (1)(a)(v) - Exceptional Case	53 700.00
	Ketelelo Security	Security for Chief Whip	Section 36 (1)(a)(v) - Exceptional Case	43 421.04
	Aros Protection Services	Security for Councillor B R L Ngema	Section 36 (1)(a)(v) - Exceptional Case	40 000.00

Date	Supplier	Item description	Reason for deviation	Value (Rand)
August	Steelcon	Check and repair eleven bin trailers	Section 36 (1)(a)(ii) - Single Supplier	21 996.40
	Jetchem	High pressure water jetting and tanker	Section 36 (1)(a)(v) - Exceptional Case	25 503.08
	Hydro Diesel	Attend to left shaft seal leak (NES 4803)	Section 36 (1)(a)(v) - Exceptional Case	4 115.00
	Hydro Diesel	Repair hydraulic equipment (NES 9199)	Section 36 (1)(a)(v) - Exceptional Case	4 837.91
	Sizanani Electrical	Strip and check faulty transformer (T13260)	Section 36 (1)(a)(v) - Exceptional Case	11 297.40
	Intshuva Trading	Fitting of roof sheets - municipal workshop	Section 36 (1)(a)(v) - Exceptional Case	8 500.00
	Eshowe & District Taxi Owners Assoc	Transport of Councillors and ward committee	Section 36 (1)(a)(v) - Exceptional Case	50 200.00
September	Much Asphalt	Supply & deliver cold mix	Section 36 (1)(a)(ii) - Single Supplier	28 728.00
	Box Clever	Monthly rental of containers (July - Nov)	Section 36 (1)(a)(v) - Exceptional Case	81 228.00
	Ngobese Plant Hire	Hire of TLB at transfer station Aug & Sept)	Section 36 (1)(a)(v) - Exceptional Case	68 482.00
	Ntumeni Field Services	Strip and check defective brakes (NES 4544)	Section 36 (1)(a)(v) - Exceptional Case	8 524.17

Date	Supplier	Item description	Reason for deviation	Value (Rand)
	Netwize	Upgrade of computer cashier system	Section 36 (1)(a)(v) - Exceptional Case	57 034.20
	Grindrod Travel	Travel arrangements to Belgium	Section 36 (1)(a)(v) - Exceptional Case	85 171.20
	Much Asphalt	Supply & deliver of 21 x 9.5mm cold mix	Section 36 (1)(a)(ii) - Single Supplier	28 728.00
	Much Asphalt	Supply & deliver of 33 x 9.5mm med asphalt	Section 36 (1)(a)(ii) - Single Supplier	29 343.60
October	Haigs Mowers	Supply 10 x brush cutters	Section 36 (1)(a)(v) - Exceptional Case	47 000.00
	Haigs Mowers	Supply 10 x brush cutters	Section 36 (1)(a)(v) - Exceptional Case	53 085.00
	Shakaland	Strategic planning workshop	Section 36 (1)(a)(ii) - Single Supplier	42 160.00
	Netwize	MS Standard and professional (2007/2010)	Section 36 (1)(a)(v) - Exceptional Case	42 601.80
	Provincial Motors	Service (4 000km - NES 12345)	Section 36 (1)(a)(ii) - Single Supplier	7 065.36
	Eshowe & District Taxi Owners Assoc	Provision of transportation	Section 36 (1)(a)(v) - Exceptional Case	21 500.00
November	Strike Technology	Mat demand electricity meters	Section 36 (1)(a)(v) - Exceptional Case	104 880.00

Date	Supplier	Item description	Reason for deviation	Value (Rand)
	Steelcon	Conversion & modification of bin trailers	Section 36 (1)(a)(v) - Exceptional Case	6 863.00
	East Toyota	Service (100 000 km)	Section 36 (1)(a)(ii) - Single Supplier	4 248.43
	Map Africa	Drawing of plan for crèche (Divine Life)	Section 36 (1)(a)(v) - Exceptional Case	3 190.01
January	Fujitsu Services	Completion of assets setup	Section 36 (1)(a)(v) - Exceptional Case	79 777.20
	Provincial Motors	Carry out service	Section 36 (1)(a)(ii) - Single Supplier	6 688.40
	Box Clever	Monthly rental of containers (December)	Section 36 (1)(a)(v) - Exceptional Case	16 245.00
	Ntumeni Field Services	Overhaul and repair clutch (NES 7422)	Section 36 (1)(a)(v) - Exceptional Case	4 970.40
	Eshowe Motors	Overhaul and repair clutch (NES 8009)	Section 36 (1)(a)(v) - Exceptional Case	3 700.50
	Inkonjane Construction	Replace cupboard doors in expend section	Section 36 (1)(a)(v) - Exceptional Case	4 800.00
	Box Clever	Monthly rental of containers (Jan and Feb)	Section 36 (1)(a)(v) - Exceptional Case	32 490.00
	Map Africa	Drawing of plans for animal pound	Section 36 (1)(a)(ii) - Single Supplier	3 363.00

Date	Supplier	Item description	Reason for deviation	Value (Rand)
	Much Asphalt	Supply & deliver of 30 tons hot mix	Section 36 (1)(a)(ii) - Single Supplier	29 480.40
	Much Asphalt	Supply & deliver of 20 tons cold mix	Section 36 (1)(a)(ii) - Single Supplier	29 640.00
February	Ntumeni Field Services	Attend to defective gears	Section 36 (1)(a)(v) - Exceptional Case	7 001.63
	Ntumeni Field Services	Overhaul rear brakes of tractor (NES 5771)	Section 36 (1)(a)(v) - Exceptional Case	6 808.99
	Sibonginkanyiso	Complete additional tiling in Finance Dept	Section 36 (1)(a)(v) - Exceptional Case	3 500.00
	Softline VIP	Assist payslip method changes	Section 36 (1)(a)(v) - Exceptional Case	7 313.10
	Trek Scale Company	Repair PC at waste transfer station	Section 36 (1)(a)(ii) - Single Supplier	9 024.24
March	Thusa Business	UPS for telephone system	Section 36 (1)(a)(ii) - Single Supplier	7 968.60
April	Candi - Life	Refurbish festive season features	Section 36 (1)(a)(ii) - Single Supplier	14 888.50
	Surface Blasting	Rock blasting at Ezingwini sports field	Section 36 (1)(a)(v) - Exceptional Case	94 000.00
	Trek Scale Company	Installation of software modification	Section 36 (1)(a)(ii) - Single Supplier	5 301.00

Date	Supplier	Item description	Reason for deviation	Value (Rand)
	Global Transformer	Strip, check and repair transformer	Section 36 (1)(a)(v) - Exceptional Case	10 488.00
	Global Transformer	Refurbish tiger switch	Section 36 (1)(a)(v) - Exceptional Case	19 243.20
	Candi - Life	Refurbish festive season features	Section 36 (1)(a)(ii) - Single Supplier	14 995.67
May	Global Transformer	Strip, check and repair transformer	Section 36 (1)(a)(v) - Exceptional Case	34 154.40
June	Staylz Management	Hire of marquee tent and 2000 chairs	Section 36 (1)(a)(i) - An emergency	40 000.00
	Ketelelo Trading	Provision of VIP security	Section 36 (1)(a)(v) - Exceptional Case	21 600.00
	Amaswazi Trading	Hire of transport - local youth council	Section 36 (1)(a)(i) - An emergency	38 600.00